Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.950	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM9.30	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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Wednesday April 17 1991

D 8523A

HONG KONG

Airport row ends a bull run

Page 40

World News

Israel defies Washington by starting new settlement

Israelis began moving into the first Jewish settlement set up in the occupied West Bank for two years, in direct defiance of US warnings.

The settlers deliberately moved forward their resettlement plans to take place before James Baker, the US secretary of state, had time to pursue proposals for Arab-Israeli peace talks. Page 4

Turkish rebuff

Turkey's prime minister, Yildirim Akbulut, appealed to the world community to boost aid for Kurdish refugees, instead of criticising Turkey's own relief work. Page 4

Poles start trading

Poland launched trading in shares of private companies for the first time since the Second World War. Page 14

East German probe

Germany launched more than 300 investigations of east German communist leaders and border troops for suspected offences ranging from corruption to murder of defectors.

Peace talks stumble

Peace talks in Mexico City between the El Salvador government and FMLN guerrillas hit problems after the recent killing of a senior guerrilla leader. Page 3

Rosy Soviet view

Arkady Volsky, the Soviet Union's senior industrial figure, broke with newly established tradition and professed optimism about his country's future. Page 14

Rafsanjani visit

Diplomats said that President Rafsanjani of Iran will go to Turkey and Syria this month before travelling to France on his first visit to the west since taking office.

Sri Lankan amnesty

Sri Lanka said it would release 1,000 prisoners under a presidential amnesty to mark the end of the Moslem fasting month of Ramadan.

NZ breaks strike

The New Zealand government organised an airlift for 6,000 travellers stranded up to a week by a strike that has halted ferries between the country's North and South Islands.

ANC men let go

South Africa freed 41 African National Congress members from the Robben Island prison in the biggest group release since President de Klerk began apartheid reforms last year.

Yugoslav strike

Over 700,000 textile, metal and leather workers in the Yugoslav republic of Serbia went on strike in possibly the country's biggest worker protest for half a century.

Mandela takes stand

Mrs Winnie Mandela gave evidence for the first time in her Johannesburg trial on kidnapping and assault charges and outlined the origin of her controversial bodyguards. Page 5

Gandhi election plan

Congress party leader Rajiv Gandhi launched his party's election manifesto with a pledge to cut Indian government spending by 10 per cent in one year. Page 5; Export controls tightened, Page 6

IRA bombs factory

The Irish Republican Army bombed the Shorts aircraft factory in Belfast for the sixth time in two years. An explosion and fire damaged an office but no one was hurt.

Sir David Lean dies

British director Sir David Lean, who won 28 Academy Awards for films such as Lawrence of Arabia, Dr Zhivago and Brief Encounter, died aged 83.

Business Summary

BSN and Nestlé in Czech food group deal

Nestlé, the world's biggest food company and BSN, the leading French food group, have joined forces with the intention of taking a majority stake in Czechoslovakia's biggest food producer.

The pair, normally fierce rivals in Europe, have signed a letter of intent with state-owned Cokoladovny. BSN expects to receive a decision from the Prague government in July, after privatisation laws come into force. Page 15

MANNESMANN, the German engineering group, has reported a 9 per cent drop in sales in the first quarter of 1991 reflecting the effects of slower growth in several leading economies on the big German exporters. Page 15

SHARP criticism of European Community trade deals with exporting countries has come from the General Agreement on Tariffs and Trade. Page 14

SOVIET Union's senior industrial figure broke with recent established Soviet tradition and professed optimism about his country's future. Page 14

ROCHE, the Swiss pharmaceuticals and chemicals group, yesterday disclosed net consolidated earnings of SFr948m ($668m) for 1990. Page 15

DOLLAR weakened against most European currencies, but was little changed against sterling and improved in terms of the yen.
Currencies, Page 36

US and Japanese officials meet in Tokyo tomorrow to discuss a long-standing dispute over microchip trade. Page 6

JESS SODERBERG was named to take over as group head of the A.P. Moller shipping, offshore and industrial group, one of the world's biggest shipping companies. Page 16

L'OREAL, leading French cosmetics group, has met its forecasts with a 15 per cent increase in net current profits to FFr1.69bn ($299m) last year. Page 16

CIMENTS Français, world's third largest cement maker, saw sale volumes fall by 2 per cent in the first three months of the year. Page 16

CHEMICAL Banking and Manufacturers Hanover, have reported substantial declines in their first-quarter earnings. Page 17

INSURANCE regulators in New York State took control of Executive Life of New York, the smaller of the two main operating units of First Executive, the troubled Los Angeles-based life insurer. Page 17

STRONG sales of its most recent drugs helped Merck, the US pharmaceuticals company, to post a 20 per cent improvement in first-quarter earnings. Page 17

UNITED Telecommunications, the US long-distance telephone company, unveiled a sharp decline in first-quarter earnings. Page 17

SQUARE D, Illinois electrical products maker, is counting on several important obstacles to thwart Schneider's bid to gain control. Page 17

GENERAL Electric's diverse mix of businesses enabled it to overcome much of the impact of the recession in the first quarter. Page 17

BP is seeking a buyer for Tex/Con Oil and Gas, a wholly owned Texas-based subsidiary which holds all the British company's onshore natural gas interests in the US, excluding Alaska. Page 17

NEWMONT Australia, the gold mining group, has increased net profit by 65 per cent to A$14.3m ($11m) in the first quarter of 1991. Page 18

INDIA has tightened rules on sale of goods with high import content to the Soviet Union. Page 6

US ignored warnings about western shipments of military parts

Jordan 'passed arms to Iraq'

By Alan Friedman, Lionel Barber and Eric Reguly in Washington

THE White House allowed the shipment of military spare parts to Jordan until just before the outbreak of the air war against Iraq in January, according to past and present US government officials.

The US shipments, which included diesel engine components for armoured vehicles and electronic testing equipment, continued after US intelligence advice that the kingdom was being used as an illegal conduit into neighbouring Iraq.

There were additional concerns from the State Department and other government agencies that Iraq's other suppliers in the west were sending arms, spare parts and dual-use technology – which can have both civilian and military applications – through Jordan as a way of evading the United Nations embargo against Iraq.

Senior White House officials were given a specific warning early last December that military shipments from US companies to Jordan were likely to be passed on to Iraq. The warning was delivered to Mr Robert Gates, the deputy national security adviser to President Bush.

It was only several weeks later – after hostilities had already begun in the Gulf – that the warning was acknowledged. No changes were made to the way in which the exports of militarily-related equipment to Jordan from the west were scrutinised.

Yesterday, the White House said it had no comment on the issue of shipments to Iraq and Jordan.

Up until the middle of January, the Administration had denied persistent reports that Jordan was serving as a transhipment point, arguing that the UN embargo was virtually leakproof.

According to several administration officials, the White House had previously given its approval to the shipment of sensitive military equipment and technologies directly to Iraq as late as last June.

The nature and scope of US weapons sales to Iraq in 1990 is part of an expanding Congressional inquiry into US support for Baghdad's armaments programmes over the past five years. This support included the sale of chemical weapons precursors, biological agents and dual-use technology applicable in missile development.

The House Foreign Affairs sub-committee on international economic policy and trade is focusing on several high-level inter-agency meetings chaired last spring by Mr Gates, who was previously deputy director of the Central Intelligence Agency (CIA).

These meetings, in April, May and June, were called to come up with a response to President Saddam Hussein, who had recently test-fired a ballistic missile in Mauritania and threatened to attack Israel.

Despite detailed evidence known to have been available to US intelligence on Iraq's nuclear, chemical and ballistic missile projects, repeated subcabinet meetings at the White House decided to take no action. But a Commerce Department recommendation last May for economic sanctions against Baghdad was rejected.

The view of some officials in the State Department, CIA, Defence Department and the White House is that it was still important not to isolate Iraq and to use diplomatic pressure to moderate Mr Saddam's behaviour – a view shared by moderate Arab states such as Egypt and Saudi Arabia.

Mr Sam Gejdenson, Democratic chairman of the House sub-committee, said yesterday that the revelation of shipments to Jordan confirmed earlier Congressional testimony by Mr Dennis Kloske, a senior Commerce Department official.

"This is a continuation of a pattern in which the administration continued to do business with Iraq despite every indication that they had lost influence. I think it is clear the administration did not take action to prevent the shipments to Iraq," Mr Gejdenson said.

The congressman complained last week that Mr Robert Kimmitt – the under-secretary at the US Department of State who had attended the White House meetings on Iraq in April and May – had refused to testify before his committee.

Democrats had criticised administration policy towards Iraq as a stunning miscalculation bordering on appeasement, but their attacks largely evaporated after the decisive allied victory in the Gulf war. A fresh head of steam, however, may be gathering.

New evidence is also emerging about the extent to which the US – along with France, Germany and other western countries – armed Iraq in the 1980s. Congressional committees have recently been told that the government approved

Continued on Page 14

Kurdish nightmare, Page 4; Iraq's time-bombs, Page 14

Robert Gates and George Bush: White House was warned about arms to Jordan

Moscow to cut forces in Asia-Pacific region

By John Lloyd and Stefan Wagstyl in Tokyo

PLANS TO cut Soviet military presence in the Asia-Pacific region are to be unveiled today in a speech to the Japanese parliament by President Mikhail Gorbachev.

The Soviet leader will also call for a five-nation Pacific conference on security and co-operation and a zone of co-operation in North-East Asia, around the rim of the Sea of Japan.

The call is aimed particularly at the US, which has large military bases in the Pacific, including Subic Bay in the Philippines and Okinawa in Japan. Moscow has been steadily reducing its forces along the border with China and lowering its general presence in the area in recent years. But it still maintains a string of naval bases in the Pacific and Indian Ocean area.

The principal base for its Pacific fleet of surface ships, submarines and aircraft is at Vladivostok. Its other bases are at Petropavlovsk, Magadan and Sovetskaya Gavan in the Soviet Far East region. Soviet naval ships also make use of repair and other facilities at Cam Ranh bay, the former US base in Vietnam.

Mr Gorbachev's move is set in the context of a proposal, which he has previously foreshadowed, for a conference in 1993 of the foreign ministers of China, India, Japan, the Soviet Union and the US as the first step towards creating an organisation of multilateral consultations on security and economic co-operation.

Neither Japan nor the US is likely to see the proposals as substantial unless agreement is also reached on the future ownership of the disputed Kurile islands, which has plagued relations between Tokyo and Moscow. The US supports Japan's claim to the four islands seized by the Soviet Union in 1945.

Nonetheless Mr Gorbachev appears to be seeking to repeat his successes of previous years in the west, when sweeping plans for a "new world order" persuaded the Nato countries to endorse many of the basic tenets of his "new thinking" in international affairs.

Parts of the speech echo earlier calls for detente in Asia by Mr Gorbachev during past visits to the Soviet Far East. The US, Japan and other Asian countries were disappointed then that his remarks were not followed by decisive Soviet military cuts.

This time, too, the west is likely to judge the importance of the speech by how it is followed up. For Japan, a "new order" in the Asia-Pacific is meaningless without a settlement on the Kurfles.

The burden of Mr Gorbachev's speech, parts of which were leaked to Japanese media last night, was confirmed by a spokesman for the Soviet delegation in Tokyo. The speech, to parliamentarians in the Japanese diet, will come during a second day of talks with Mr Toshiki Kaifu, Japan's prime minister.

The talks centre on the territorial dispute. The Japanese have always said that the Soviet Union must renounce ownership of the islands before a peace treaty can be signed between the two countries and political and economic co-operation increased.

Soviet optimism, Page 2

Spain lifts final curbs on control of capital exports

By Our Foreign and Financial Staff

SPAIN last night removed the last of its controls on capital leaving the country, in an effort to relieve pressure on its overvalued currency before further interest rate cuts become inevitable.

The move follows an attack on Spanish monetary policy last weekend by Mr Pierre Bérégovoy, the French finance minister, who called the peseta's strength in the European Monetary System "an unexpected phenomenon, even against nature".

The franc is sitting at the bottom of its permitted trading range against the peseta in the ERM, but Paris needs to cut interest rates to help revive its flagging economy.

Mr Carlos Solchaga, the Spanish finance minister, said in London the government had decided to allow Spanish residents to hold foreign currency accounts with banks licensed in Spain. He described the reform, which comes into effect this week, as "transcendental" and "an absolute innovation in our monetary history."

Mr Solchaga said his government was "going to give Spaniards much more freedom to export their capital".

Analysts in Madrid said the move could lead to significant outflows of funds, although the markets had expected residents to be allowed to open accounts with foreign banks abroad.

Those in the City of London were far from convinced that the deregulation would reduce upward pressure on the peseta. Mr Jonathan Hoffman, senior European economist at Credit Suisse First Boston in London, pointed out that such exchange control relaxation had often been counterproductive in other countries "because it simply boosts the confidence of foreigners in the currency".

Mr Solchaga also said a second control, limiting loans by Spanish banks to non-residents to 50 per cent of their convertible peseta deposits, would be completely lifted.

The measures mean Spain has largely met its promise last year to remove all capital controls well before its deadline at the end of next year.

The only remaining control forces residents to seek authorisation for any foreign loan of Pta1.5bn ($1.48m) of three years or less. It is used

Continued on Page 14

Citicorp earnings plunge 70%, loan loss reserves are raised

By Bernard Simon in New York

CITICORP earnings plunged 70 per cent in the first quarter, hard hit by the slowdown in the world economy and the slump in the US property market. North America's biggest banking group was forced to increase loan-loss reserves by $200m.

Citicorp yesterday reported earnings of $70m or 10 cents a share, down from $231m or 60 cents a share in the first quarter of last year. However, taking in changes in accounting practices, after-tax profits for the first quarter of last year would have been even higher at $371m.

Mr John Reed, Citicorp's chairman, told a lively and unusually crowded annual meeting in New York yesterday that business conditions were still deteriorating. "We will feel pressure in terms of revenue and credit on both the consumer and corporate business as this slowdown continues," he said.

Although an economic revival in the US may start later this year, Mr Reed cautioned that "there is little evidence of this now, nor is there reason to expect a robust recovery".

Analysts said the latest performance was much as expected. Mr Jim Hanbury at Wertheim Schroder said: "The deterioration is continuing, but at least they're putting up some reserves against it."

Citicorp's interest income and operating expenses were virtually unchanged from a year ago. Fee and commission revenues edged up by 4 per cent and income tax provisions were down by almost a third.

But these positive factors were wiped out by a jump in loan-loss provisions to $812m from $570m. The increase includes an extra $200m in reserves, divided almost equally between consumer and corporate business.

Net write-offs fell from $679m to $646m, but this was entirely due to lower losses on Third World loans. Write-offs on consumer loans climbed by 27 per cent and on coprorate business by 33 per cent. Nonperforming commercial loans rose to $10.6bn on March 31, from just under $10bn three months earlier and $7.9bn a year ago.

The bank's portfolio of foreclosed properties climbed to almost $2bn, from $1.8bn last December and $624m a year ago. The setback on the loan portfolio meant that the return on assets slipped to 0.13 per cent in the first quarter from 0.4 per cent a year earlier.

Citicorp cut its quarterly dividend earlier this year from 44.5 cents to 25 cents, but Mr Reed said that, despite continuing pressure on earnings, he does not expect a further dividend reduction.

The group is in the process of strengthening its financial position by raising more capital and cutting costs. Core 1 capital – equity and retained earnings – was boosted by $1.25bn in the first quarter, partly through the sale of a sizeable block of convertible preferred shares to Prince Alwaleed bin Talal of Saudi Arabia. An unidentified representative of the prince attended yesterday's meeting.

Other US bank results, Page 17

CONTENTS

Discontents which threaten Hungary's fragile stability

Prime minister Jozsef Antall's coalition government has brought stability and a cohesive economic policy. However, the downturn in trade with Comecon neighbours has depressed living standards and could disrupt the reforms.

Page 2

MARKETS

STERLING
New York lunchtime:
$1.7915
London:
$1.7885 (1.789)
DM2.9775 (2.9975)
FFr10.065 (10.115)
SFr2.535 (2.545)
Y241.0 (240.5)
£ index 92.9 (93.3)

GOLD
New York: Comex Jun
$363.1 (363.2)
London:
$360.65 (360.25)

N SEA OIL (Argus)
Brent Jun
$19.5 (19.675)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.664
FFr5.6245
SFr1.4155
Y134.725
London:
DM1.665 (1.6755)
FFr5.6275 (5.655)
SFr1.4175 (1.423)
Y134.8 (134.45)
$ index 64.5 (64.3)
Tokyo close: Y135.15

US lunchtime rates
Fed Funds 6¼%
3-mo Treasury Bills:
yield: 5.744%
Long Bond:
97 1/16
yield: 8.131%

STOCK INDICES
FT-SE 100:
2,519.5 (−23.3)
FT Ordinary:
1,985.5 (−18.1)
FT-A All-Share:
1,219.96 (+0.8%)
New York close:
DJ Ind. Av.
2,951.49 (+18.32)
S&P Comp
383.27 (+2.08)
Tokyo: Nikkei
26,813.3 (+117.77)

LONDON MONEY
3-month Interbank:
closing 11⅞ (same)
Liffe long gilt future:
Jun 92 (92 1/16)

EUROPEAN NEWS

Bulgaria rules out debt forgiveness

By Judy Dempsey and Stephen Fidler

EBRD

BULGARIA yesterday ruled out any western forgiveness of its debt, saying this could slow down its economic reforms. Mr Ivan Kostov, the Bulgarian finance minister, said Bulgarian officials were meeting the Paris Club this week to discuss arrangements to postpone or reschedule the country's debt. But he added: "We have never discussed the elimination of the debt ... not even among ourselves."

The Bulgarian authorities fear that any debt forgiveness would deny the country the incentive needed to push through radical economic reforms.

Mr Kostov's comments, in the wings of the inaugural meeting of the European Bank for Reconstruction and Development, followed a call for debt forgiveness for Bulgaria by Mr Henning Christophersen, the EC's representative at the new bank.

Mr Christophersen said Bulgaria should be the second east European country after Poland to benefit from debt forgiveness. Poland last month had at least half its debts to foreign governments written off.

"There must be a debt relief agreement for Bulgaria. Without this, it will be impossible for that country to get out of its difficulties," he said.

While Poland owes about $30bn to Paris Club governments, Bulgaria's total foreign debt is $11bn, only about $2bn of which is owed to governments.

The issue is controversial, with the Hungarians as well as the Bulgarians opposing outright forgiveness.

Japan has also expressed its opposition to debt forgiveness, arguing that where it forgives debts, it will have to stop providing new funds.

The US, in sponsoring the deal for Poland, said only Poland and Egypt had the high burdens of official debt that demanded official debt relief.

THE Soviet Union yesterday called for a change in lending quotas imposed by the European Bank for Reconstruction and Development so that its reforms could be speeded up, writes Judy Dempsey, East Europe Correspondent, in London.

Mr Victor Geraschenko, head of Gosbank, the Soviet Union's central bank, said greater assistance from the EBRD and other western financial institutions would stem the disintegration of the Soviet Union.

In particular, Mr Geraschenko said he hoped for the early elimination of a clause which states that the total volume of all credits and other services received from the EBRD during the first three years should not exceed (the Soviet Union's) paid in capital.

Strong role of board highlighted by Brady

By Stephen Fidler, Euromarkets Correspondent

THE US Treasury Secretary, Mr Nicholas Brady, emphasised yesterday the strong role of the board of directors in the European Bank for Reconstruction and Development. "We do not view the activity of the board as an advisory one, but, instead, as a critical element of the bank's operations," he said in a speech to the EBRD annual meeting.

The speech reinforced the differences in approach to the bank by the US and some other shareholders – which see a relatively narrow focus for the bank in encouraging the private sector in east Europe – and the broader view of the bank as the first truly pan-European organisation being taken by others, including its president Mr Jacques Attali.

"We believe strongly that the EBRD's focus should be private sector development and the financing of infrastructure, which directly supports private sector activity," Mr Brady said.

Reinforcing the message, a senior US Treasury official said afterwards that it was the job of the shareholders to determine the policy of the bank "and it's down to the management to carry out those policies."

In his speech, Mr Brady said the bank would need to keep in mind the activities of other bilateral and multilateral donors to the region "in order to avoid duplication and conflicting operations."

EBRD president Jacques Attali was in contemplative mood at yesterday's meeting of foreign ministers in London

EC says $23bn pledged to E Europe

By Stephen Fidler, Euromarkets Correspondent

PROMISES OF financial aid to the countries of east Europe now total $23bn (£12.8bn) according to the European Community, which is co-ordinating the aid effort among the Group of 24 donor countries.

This includes $8bn in the form of grants, $1.7bn in structural loans from EC bodies such as the European Investment Bank, $11.4bn pledged as capital for the European Bank for Reconstruction and Development and $2bn in bilateral loans and credits.

Mr Henning Christophersen, the EC representative at the inaugural meeting of the EBRD, told reporters yesterday that these promises were in addition to balance of payments support for east Europe.

The EC had identified a financing gap of $15bn for this year, some two-thirds of which would be covered by the International Monetary Fund and World Bank. This left some $4bn of balance of payments support to be provided by the Group of 24 this year.

A $1bn loan had been agreed for Czechoslovakia, a new $500m loan was close to agreement for Hungary, while efforts had begun to raise $800m for Bulgaria and $1bn for Romania. All the loans were dependent on their agreeing economic reform programmes with the IMF. Half this would come from the EC.

Last year, a $1bn currency stabilisation loan for Poland had been agreed (still untouched in the New York Federal Reserve Bank) and a further $1bn for Hungary. Mr Christophersen also did not rule out assistance for Albania.

On top of that, it was estimated that Poland's debt servicing bill would be reduced by about $5.5bn in the first year as a result of the agreement last month with the Paris Club of creditor governments.

He said early estimates for the financing assistance needed next year by east Europe suggested they needed less than in 1991. But that depended on two main factors: the extent to which trade collapsed within the old Comecon trading bloc and the oil price.

He said some Ecu400m (£276m) had been promised this year by the EC in technical assistance for the Soviet Union, and Ecu600m next year.

More ships tackle oil disaster

By Haig Simonian in Milan

MORE specialised vessels arrived yesterday off the Italian coast to help with the fight against the oil pollution caused by the tanker disaster near Genoa.

The ships, which include the "Ragno II", an oil exploration vessel owned by Italy's Saipem oil company, will enable experts to form a better impression of how much crude is left aboard the sunken Cypriot-registered supertanker "Haven" and how best to remove it.

Using remote-controlled cameras, experts will try to ascertain the wreck's condition. Decisions will then be taken on steps to remove the remaining oil. Surface efforts have so far recovered 6,000-7,000 tonnes of oil that had leaked from the vessel, which sank on Sunday.

However, scientists estimated there could still be 100,000 tonnes of crude oil left in the ship and said this was a clear threat. Light winds were slowly blowing the oil south-west, towards France.

Discontent threatens Hungary's fragile stability

Nicholas Denton reports that a decade of falling living standards could undermine political success

AN artificial calm prevails in Hungary while economic collapse and national conflict buffet its neighbours. By contrast, Hungary appears economically and politically stable.

But it is a fragile stability which this year will be tested to the full. Most Hungarians have been suffering from stagnating living standards for a decade. Democracy and economic liberalisation were supposed to solve that. But patience is running out a year after free elections, and it is on that patience that Hungary's current equilibrium is precariously balanced.

Nevertheless, on the surface at least, Hungarian politics have rapidly become surprisingly normal. When last spring's elections produced a governing conservative coalition, a strong liberal opposition and a socialist (ex-communist) rump, most commentators said it could not last.

But the coalition has defied its critics, giving Hungary the closest thing to western-style two-party politics in eastern Europe.

What is more, the move to democracy has been achieved without any abrupt change in government policy. The conservative Hungarian Democratic Forum came to power last spring with the slogan that it was "The calm force" and the implicit claim that the party would not turn Hungary upside down.

Mr Jozsef Antall, the prime minister, has not let down his electors.

The continuity is so striking that people can be forgiven for the commonly-held belief that nothing has changed since the election except the rising prices.

There has been no about-turn on economic policy. The former government's tight monetary and fiscal stance has been maintained; quick and decentralised privatisation has returned to favour; and the commitment to repaying Hungary's $21bn debt has, if anything, been reinforced.

December's appointment of Mr Mihaly Kupa to head the Finance Ministry, where he had been a widely-respected official, marked the victory of bureaucratic pragmatism. The cabinet reshuffle muted the ideological arguments within the cabinet which had crippled policy-making.

Mr Kupa's self-proclaimed pragmatism has also taken the heat out of the wider debate on whether to treat the economy with shock therapy or not.

Opposition politicians and economists are hard-pressed to take issue with the finance minister's programme of reform legislation.

Nor has there been a witch-hunt of officials associated with the communist regime. "Against the greatest pressure, we didn't kick out everyone or make a B-list," said Mr Istvan Forrai, head of the prime minister's secretariat.

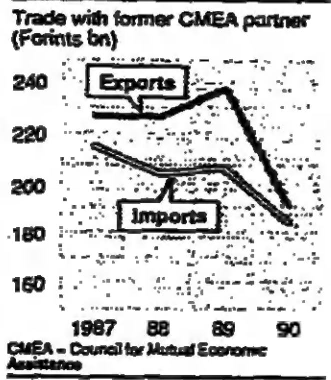
While the government takes pride in its conservatism, the opposition accuses it of inaction and missed opportunities.

"What more can a government do in such a period but to maintain financial, internal, political and personnel stability?" asks Mr Istvan Forrai, head of the prime minister's secretariat, in return.

So successful has this policy been that Hungary is now the most attractive country in eastern Europe for investment.

Hungary

Trade with former CMEA partner (Forints bn)



CMEA – Council for Mutual Economic Assistance

Half of all western investment in the region went to Hungary last year, according to Mr Bela Kadar, Hungarian minister for international economic relations.

But that investment, and a boom in exports with the west, have not been enough to offset the slump of the surrounding east European economies.

Hungary's exports to former Comecon countries fell by 24 per cent last year, the most important factor behind a 4-5 per cent fall in measured gross domestic product. The government predicts the same fall in output for 1991.

Average living standards, cushioned by the black economy, are probably not falling by nearly that much. But the figures hide growing income inequality. A tenth of people are much better off, three-tenths are worse off and the rest stay the same, according to Mr Gabor Istvan, a professor at the Budapest University of Economics.

The losers are numerous enough to make for widespread discontent, expressed in deep unpopularity with the government: one recent poll gave the Forum 14 per cent.

More dangerously, an opinion poll commissioned by the European Community showed that 75 per cent of Hungarians were dissatisfied with the way that democracy had developed, much more than in other east European countries.

No one quite knows what expression public disillusion will take. Last October, it emerged in a three-day protest against higher petrol prices. In a recent by-election it was shown by a 25 per cent turnout and victory for the socialists.

The prime minister warned recently that the extremes of right and left "together endanger the Hungarian political democracy which is being born."

One senior Forum official fears the demagogues within his own party who would emerge if the government fell. The industry minister fears a wave of strikes. Mr Mihaly Laki, an economic adviser to the opposition Free Democrats, fears the anti-parliamentary sentiment which would lead people to accept an authoritarian leader as the price of an economic miracle.

But it is clear that there is a large and unpredictable body of Hungarians which appears to be indifferent to elections and is largely motivated by economic well-being. "They are so secularised and atomised," says Mr Forrai.

"They are real materialists. . . in a harsh and individualistic society."

The question is whether their discontent will ignite before economic prosperity can defuse it.

Brussels fears EC software directive may be jeopardised

By Andrew Hill in Strasbourg

CONTROVERSIAL EC legislation aimed at ending piracy of computer software could face a last-minute battle in the European parliament today after more than a year of frenetic lobbying by rival camps in the computer industry. The European Commission is afraid that the compromise thrashed out with EC member states in December will be jeopardised if the parliament adopts amendments to the directive. The proposed directive, part of the EC single market programme, aims to extend copyright laws to computer software. It has been the subject of a fierce struggle between large computer groups, such as IBM, which want strict rules on copyright protection, and smaller groups which want the ability to create software which is compatible with their larger rivals' products.

The compromise would allow a limited amount of "reverse engineering" – the unpicking of programs by smaller groups in order to create compatible software.

Christian Democrat MEPs, the second largest grouping in the parliament, are expected to vote against the amendments. However, the largest group, the Socialists, has yet to decide.

If the Socialists abstain or vote against, then a majority in favour of the amendments would be impossible and the directive would pass back to Community ministers for formal adoption. If the amendments go through, however, the directive would then require the unanimous approval of member states, which could prove difficult.

Mr Martin Bangemann, the EC commissioner responsible for the internal market, said yesterday he hoped MEPs would throw out the amendments. He said the Commission and EC ministers had taken account of parliament's views after the first reading of the directive last July.

IBM plan telecom network

INTERNATIONAL Business Machines, the world's largest computer company, is considering establishing a pan-European telecommunications network based on a novel satellite technology, writes Alan Cane.

It has retained Hyperion, a UK-based information technology consultancy, to assist with a feasibility study for the network. Hyperion has carried out similar studies for international financial organisations including Swift and Dow Jones.

If IBM decides to set up such a network, it could create a substantial new market for a telecommunications service which has so far failed to realise its potential in Europe. It would also force IBM's competitors in the computer industry to follow suit or risk losing market share.

The satellite system – very small aperture terminal or VSAT – is already big business in the US, but has made little impact in Europe because of restrictions set by Europe's telecommunications authorities, which are afraid VSAT will damage revenues from their conventional long distance networks.

With the relaxation of the regulatory environment, it has become increasingly possible to establish a VSAT network but so far no European organisation has taken the initiative.

Mr Bob Kaltenborn, European Telecoms Centre Commercial Development Manager for IBM UK, said there were several areas where a VSAT service could solve business requirements.

They included disaster recovery support and the distribution of software and documentation.

Reports of higher death toll at Chernobyl denied

DR LEONYD ILYIN, director of the Institute of Biophysics in Moscow and an internationally respected authority on radiation sickness, yesterday denied reports that the death toll in the Chernobyl disaster ran to hundreds or thousands, rather than the 30 officially admitted, writes David Fishlock in Paris.

He assured a joint conference in Paris organised by the Nuclear Energy Societies of the Soviet Union and France that there was no increase in registered numbers of cancer cases and no increase in the cases of acute leukaemia and other blood diseases.

Dr Ilyin is still treating 16 children with radiation sickness in his hospital.

He said there was an increase in the number of recorded birth defects but the figures had risen in the control areas as well as in radiation-affected areas.

Some 145 people had suffered from acute radiation sickness as a result of the nuclear accident five years ago this month, while the death toll remained at 30, Dr Ilyin said. The latest official Soviet estimate of its cost is Rbs20bn-Rbs25bn.

The Soviet government has obliged 189,000 people to evacuate their homes as a safeguard against excessive radiation dose and up to 300,000 more may have moved voluntarily, it is believed. Dr Ilyin acknowledged that many people were in a "state of extreme psychological stress" as a consequence of the accident.

Italy's Republicans caught between principle and the wilderness

By Haig Simonian in Milan

THE decision by Italy's small Republican party not to support the five-party coalition, within which it has helped govern the country since 1983, is surprising even by Italian political standards.

It followed the party's refusal last weekend to accept the three ministries offered in Mr Giulio Andreotti's new government, and reflects Republican leaders' fury at what they see as the prime minister's bad faith.

Although the Republicans held only three ministries under the previous government, which collapsed last month, they had not expected Mr Andreotti both to change those posts and sharply reduce the powers of one of the new ministries offered.

Mr Andreotti's task in forming a government – his seventh and Italy's 50th since the Second World War – has been complicated by the need to find room for the left wing of his own Christian Democratic party which has decided to end its self-imposed exile from government posts begun in 1990.

The Republicans, however, may also have invited trouble within their own ranks by excluding Mr Oscar Mammi, the long-serving minister for posts and telecommunications, in their trio of ministerial candidates. They substituted him with Mr Giuseppe Galasso on the grounds that Mr Mammi had already enjoyed enough ministerial exposure.

That decision incensed Mr Mammi, whose ministry has been growing in importance because of the role it will play in rationalising the country's private broadcasting bonanza by allocating frequencies. It also provoked a substantial row inside the party.

However, their 40-5 vote decision on Monday not to support the new government shows that Republican party leaders are reserving their ire for Mr Andreotti. The party has still to clarify whether it will vote against his new government when it presents itself to parliament today, or just abstain. Whichever way it jumps, a four-party coalition without the Republicans could still muster enough parliamentary support to survive.

So are the Republicans in danger of shooting themselves in the foot? The party, which stands out because of its commitment to lower public spending and more disciplined government in general, has long enjoyed an intellectual weight appreciably greater than its relatively small electoral size.

In the June 1987 general election, its share of the vote shrank to 3.7 per cent, against 5.1 per cent four years earlier. The 1983 elections marked a high point for the party, which was still basking in the prestige provided by its then leader, Mr Giovanni Spadolini's 18-month stint as Italy's first non-Christian Democratic prime minister since the war.

Since then, the Republicans' political influence has waned, despite Mr Spadolini's move from party secretary to president of the Senate in July 1987. It is his successor, Mr Giorgio La Malfa who is now in the limelight.

He and his senior party colleagues now face a new dilemma in their perennial struggle to maintain an independent identity while sharing in government, without being crushed by the Christian Democrats and the Socialists. They must now decide whether the stress on principle and independence they want to show by remaining outside the coalition might instead increase the dangers of their own extinction.

MR GIULIO ANDREOTTI'S new government was yesterday set to be a coalition of four parties, rather than the five which have ruled the country since 1983.

Amid a hectic round of meetings between President Francesco Cossiga and political leaders yesterday, the emphasis was on minimising the effect of the Republican party's refusal to participate in the coalition.

Last night Mr Andreotti's Christian Democrats joined their Socialist, Social Democrat and Liberal partners in agreeing to carry on as a four-party government. At the same time, the Christian Democrats issued a renewed call to the Republicans to reconsider their decision.

However, the uncertainty caused has prompted Mr Andreotti to postpone to today the new government's presentation before parliament. So far, only the small, far-right Movimento Sociale Italiano has called for an early election in response to the crisis.

EUROPE IN BRIEF

French inflation eases down

French inflation slowed slightly last month, but economic growth is also lagging, according to provisional figures, writes William Dawkins in Paris.

Consumer prices rose 0.1 per cent in March, giving an annualised rate of 3.2 per cent, down slightly from the previous month's 3.5 per cent, says the state statistics body, Insée.

The improvement is greater than some economists were forecasting, though at least half comes from a drop in domestic fuel prices. This continues the gentle convergence of French inflation towards the German level.

Carat wins Disney account

Carat, Europe's largest media planning and buying company, has won the Walt Disney Company's European account worth up to $100m a year, writes Raymond Snoddy.

The media programme is expected to cover the entire Disney business in both western and eastern Europe including films and home videos, consumer products and the Euro Disney Resort which is due to open in a year's time outside Paris.

Strike threat to Danish finance

Denmark may be paralysed from May 9 by the first strike ever to hit the financial services sector, writes Hilary Barnes in Copenhagen.

The banking and insurance staff trade unions have called on members to reject a new two-year collective wage and work conditions deal worked out by an official labour market mediator.

The deal is now being put to members in a ballot. Union leaders are confident that the deal will be turned down. The unions object to clauses in the deal which would force members to accept more flexible working hours.

European TV in for big rise

Real television expenditure in Europe will double between now and the year 2000 to $27.5bn according to the third edition of Television in Europe to the Year 2000, produced by Zenith Media Worldwide, writes Raymond Snoddy.

Zenith, which draws on the resources of advertising agencies Saatchi & Saatchi and Backer Spielvogel Bates, says European television is one of the most dynamic global markets. The reports says $1bn was spent on advertising on satellite television in 1990, a figure that will quintuple by 2000.

An estimated 23m homes will have satellite dishes by 2000 and 77m homes will be able to receive multi-channel television.

Van Goghs back on display

Amsterdam's Van Gogh Museum reopened yesterday, two days after 20 masterpieces by the 19th-century artist were stolen and then recovered in one of the world's most short-lived art thefts, Reuter reports from Amsterdam.

The museum, which houses the world's largest collection of Van Gogh works, said 12 of the stolen paintings were already back on display.

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AMERICAN NEWS

US business likely to be hit severely if stoppage goes ahead

Last-minute talks to avert rail strike

By Nikki Tait in New York

THE threat of a national rail strike which could wreak havoc with freight traffic hung over corporate America yesterday as unions and carriers fought to settle a three-year contract dispute.

Both sides warned that a stoppage was possible if agreement were not reached on a new labour contract by midnight yesterday.

The United Transportation Union, largest of the 11 unions involved in the contract talks, said it had already sent out strike notices to members. If no progress were made they could be on strike from 7am today. It added, however, that it was joining the talks, due to restart in Washington yesterday, between labour and management and was still "hopeful" that a stoppage could be averted.

On the carriers' side, the Association of American Railroads was gloomier, suggesting that a strike was "very likely" if negotiations proved fruitless.

The dispute has been almost three years in the making, as the two sides attempted to hammer out a new contract. Under US legislation, labour agreements in the rail industry are initially kept in force while new contract negotiations take place.

If no progress is made, the next step is for a presidential emergency board to study the situation and recommend a settlement.

The board recommendation, delivered in mid-January, suggested wage increases averaging between 3 and 4 per cent a year over the next three years, but also called for the number of miles which train crews have to travel for a normal day's pay to be steadily increased. It also suggested that labour should shoulder some of the mounting health benefit expenses in the industry.

The report was not greeted with enthusiasm by the union camp. Procedurally, however, its publication started a "cooling-off period", which was extended because of the Gulf war. But by yesterday morning, with 12 hours to go before the final expiry of the grace period, only three of the 11 unions involved had reached tentative agreements with management.

There seems little doubt the effects of a national strike on business would be dire. About a third of the total freight moved around the US goes by rail, and the coal, car, chemicals, grain and steel industries are among the heaviest users.

Much of this could not be shipped any other way, and there have been suggestions that a reduction in coal operations could take place within hours. Chrysler warned yesterday that a rail strike "of any length could result in massive closings" of its plants.

Some rail companies, such as Burlington Northern, have made clear that they will not even attempt to operate if a national strike begins. The railroads association says this policy could become widespread among its members. National unemployment, it has been calculated, could surge by around half a million as the result of a national stoppage.

However, the unions have not revealed their strike tactics, and more selective action is at least an option. How the rail companies would respond in these circumstances was not clear.

Equally, politicians might take the matter into their own hands – as they have done in previous rail disputes.

Mr Samuel Skinner, transportation secretary, pointed out yesterday that previous rail strikes had been swiftly ended by Congress and he hoped this one could be resolved in as little as a day.

He said the administration was ready to work with Congress as quickly as Congress wanted to move.

Russian republic may win US food credit guarantees

By Nancy Dunne in Washington

Dole: outraged by Soviet crackdown on Baltic republics

PRESIDENT George Bush, under pressure to grant new food credit guarantees to the Soviet Union, may try to target the sales to the Russian republic.

The president has received a personal request from Soviet President Mikhail Gorbachev for $500m (£279.3m) in credit guarantees for purchases of maize and other commodities. The $1bn in guarantees granted so far this year has been virtually exhausted.

Although the administration has been careful not to undercut Mr Gorbachev, the president last weekend, in a speech on the "new world order", said he would in future meet representatives of the Soviet republics. Targeting the additional food credits to Russia would tie in with Mr Bush's evolving Soviet policy.

Mr Robert Dole, Senate Republican leader, was influential in getting the last grant of guarantees. However, he and other congressmen were outraged when shortly after the credit package was announced, the Soviets launched a crackdown in Lithuania and Latvia. They also complained that the grain was not getting to the republics.

Now, Senator Dole is said to be considering a Russian option; the credit could be granted through the central government but for the republic. He is to meet a Russian delegation, including Mr Ivan Silayev, the prime minister, this week. Also in the group will be Mr Oleg Klimov, chairman of Exportkhleb, the Soviet grain buying agency.

Mr Kent Van Amberg, an official with the US Feed Grains Council, said the decision on future guarantees would be a political one. But, he stressed, it is the Russians who most want the food credits and who own most of the resources which generate foreign currency.

In his appeal to Mr Bush, Mr Gorbachev directly addressed US concerns about Soviet creditworthiness. He said the central government's purchasing agencies were up to date on payments, and he promised they would continue to make their payments on time.

The farm lobby badly wants new credit allocations. Sales are lagging behind last year's. The $563m in guarantees for maize provided the financing for the only maize the Soviets have bought this year.

The farm groups have meetings arranged next week with the White House and the US Agriculture Department. They also will seek a renewal of Mr Bush's six-month waiver of the Jackson-Vanik Amendment, which cleared the way for export financing.

The amendment ties favourable trade treatment and credits to emigration policy. Because the Soviets have yet to codify an emigration law, the waiver will not become permanent.

The waiver also cleared the way for credits from the US Export-Import Bank. Thus far, Eximbank has approved seven offers of credit.

Output figures give little hope for US recovery

By Michael Prowse in Washington

FURTHER falls in housing starts and industrial production yesterday appeared to offer little prospect of an early US recovery from recession.

The Commerce Department said housing starts fell 9 per cent in March to a seasonally adjusted annual rate of 901,000. But the fall was influenced by weather fluctuations and may have been a reaction to a sharp increase in starts in February.

Building permits – regarded as the best guide to future construction activity – rose 2½ per cent. The second consecutive monthly increase suggests that January may have marked the low point of the housing cycle.

Industrial production fell 0.3 per cent last month. This was roughly in line with Wall Street expectations and represented an easing of the rate of decline after falls in factory output of 0.5 per cent and 0.9 per cent in January and February respectively.

Officials said industrial production declined at an annual rate of just over 9 per cent in the first quarter as a whole. This compared with an annual rate of decline of 7 per cent in the fourth quarter of last year.

The latest figures, which follow reports of a 0.8 per cent decline in retail sales in March and weak car sales in early April, offer little comfort for economists expecting a rapid economic rebound following victory in the Gulf war. The consensus view, however, remains that the recession will bottom out sometime during the summer.

The Federal Reserve appears to be adopting a "wait and see" approach. Having left short-term interest rates uncut last week, it may now wait until April employment figures are available in early May before reassessing its monetary stance.

In the first quarter, housing starts were 12 per cent lower than in the final quarter of last year. But in spite of the dip last month, starts in March were nearly 6¼ per cent above the low point reached in January.

The decline in industrial production last month was broadly based, reflecting continued weakness in business equipment, construction supplies, and durable materials. Capacity utilisation dropped 0.4 points to 78.7 per cent, its lowest level since autumn 1986.

Total production in March was 3.3 per cent below its level of a year ago and nearly 5 per cent below the peak hit last September.

Cholera outbreak reaches Brazil

BRAZIL'S first case of cholera since the outbreak of the epidemic in neighbouring Peru has been confirmed, Christina Lamb writes from Brasilia.

Speaking on breakfast television yesterday, Mr Luis Romero Farias, the interim health minister, said that one case had been confirmed and eight possible cases registered in the Amazon region near the borders with Peru and Colombia.

The government has launched an emergency programme in the area costing Cr1.5bn (£3.3m) but Mr Farias admitted: "The spread of the disease is impossible to stop."

Officials fear that the cholera bacteria will be quickly carried by the many rivers which traverse Brazil.

According to Ministry of Health projections, Brazil could see 3m cases this year – around 2 per cent of the population.

The worst-affected areas would probably be Amazonas and Rio de Janeiro, with its high population density.

Mexican reserves rise to $10.3bn

By Damian Fraser in Mexico City

MEXICO'S foreign reserves reached $10.3bn (£5.7bn) at the end of last year, $3.4bn more than in 1989, the central bank announced yesterday in an upbeat annual report.

The foreign reserves figures are announced only three times a year, and are a closely watched indicator of investor confidence in the peso. Last November President Carlos Salinas de Gortari said foreign reserves stood at $8.4bn.

The increase in reserves partly derives from Mexico's $3bn windfall from higher oil prices last year, and from proceeds from the privatisation of Telmex, the telephone monopoly. In the first three months of this year the Bank of Mexico is believed to have added a further $3bn to its reserves, which would bring the current total to more than $13bn.

The latest figures should reassure investors worried about Mexico's ability to finance its growing current account deficit, which, according to the annual report, stood at $5.2bn last year. Thanks in part to an estimated $1.4bn in repatriated flight capital, $2.6bn in direct foreign investment and a further $2bn in foreign portfolio investment, Mexico ran a capital account surplus of $8.8bn last year.

However, the amount of direct foreign investment is well below government predictions of inflows of $5bn a year.

The report argued that the current account deficit mainly reflected increased private-sector investment, and would thus lead to an increase in exports.

The annual report confirms the worrying growth in Mexico's money supply, suggesting that the biggest risk remains overheating of the economy. Mexico's narrow money supply grew in real terms (adjusting for 30 per cent inflation) by 26.6 per cent.

Salvador peace talks stumble after killing

By Tim Coone in Managua

PEACE talks in Mexico City between the El Salvador government and FMLN guerrillas have hit problems since the recent killing of a senior guerrilla leader.

Mr Antonio Cardenal, known as Commander "Jonas", was killed in El Salvador last week with 12 other guerrillas, in an ambush by a commando unit of the army's elite Atlacatl battalion, in what was considered a guerrilla-controlled area.

The FMLN has angrily accused the government of killing "Jonas" after he was taken prisoner and of trying to wreck the peace talks. An FMLN communiqué yesterday warned that guerrillas would launch similar attacks against army chiefs. It warned that any attempts by the army to push the FMLN out of territory it controls would be resisted.

"Jonas" was a member of the FMLN's political-diplomatic commission and was directly involved in earlier rounds of peace talks. He was Nicaraguan by birth, and a nephew of the Nicaraguan president Mrs Violeta Barrios de Chamorro.

Several big issues are at stake in the negotiations, aimed at establishing a ceasefire by April 30. The FMLN wants the government to recognise its de facto control of some territory during a period of "armed peace" which will lead to an eventual disarmament of the FMLN.

It also wants steps on constitutional reforms and the creation of an commission to oversee the purging from the armed forces of officers linked to human rights abuses.

Israel defies US by starting new settlement

By **Hugh Carnegy** in Jerusalem and **Victor Mallet** in London

ISRAELI settlers yesterday began moving into the first Jewish settlement to be established in the occupied West Bank for two years in direct defiance of US warnings that such actions could jeopardise its efforts to broker a Middle East peace accord.

The government-financed settlers said they had deliberately moved forward plans to occupy the settlement – originally given official approval as a settlement site eight years ago – to take place before Mr James Baker, the US secretary of state, returns to Israel later this week to pursue proposals for Arab-Israeli peace negotiations.

More than a dozen mobile homes, acquired through the Housing Ministry run by Mr Ariel Sharon, a vocal opponent of Mr Baker's peace proposals, were transported overnight to the settlement site, called Revava, where several families prepared to move in immediately. The settlers fear peace talks could undermine Israeli rule over the West Bank and Gaza Strip.

Ministers in the government of Mr Yitzhak Shamir, which supports settlement and has rejected Washington's view that they are an obstacle to peace, refused to distance themselves from yesterday's move. Mr Shamir says there is no link between settlements and the peace process.

In London yesterday, Mr Shamir likened the Israeli settlers in the territories to Arab residents of Israel proper and said it was normal for people to build houses.

"It doesn't make any difference if there will be in these disputed territories 100 settlements or 120 settlements," he told a news conference. "The permanent political solution will be accepted outside this fact."

Mr Shamir yesterday met Mr Valentin Pavlov, the Soviet prime minister, in a sign of the improving relations between the two countries.

But the Israeli premier was unable to say if the Soviet Union would agree to Israel's demand that full diplomatic ties be restored if Moscow wishes to join Washington in supervising a proposed regional Middle East peace conference.

"It is absolutely necessary that before a meeting the Soviet Union will establish with Israel normal diplomatic relations. . . Mr Pavlov told me that they will think about it and consider it."

In Israel, Mr Ehud Olmert, the health minister, said he agreed the establishment of Revava was awkwardly timed, but added: "On the other hand, if indeed settlements are a vital component of government policy, it is better not to play hide and seek."

This attitude infuriates the Palestinians who told Mr Baker last week that they could not take the proposition of peace talks with Israel seriously as long as settlement continued.

Some 100,000 Jews now live in the West Bank and Gaza, a figure that rose by about 10 per cent last year.

Israeli opposition groups also bitterly condemned the new settlement. "(Revava) is a provocation against the peace process and it is meant to deter any Arab who wants to talk peace with Israel today. . . and to lead us to the next war," said Mr Ran Cohen, Citizens Rights Movement MP.

Aid agencies try to make sense of refugee politics

By **John Murray Brown** in Diyarbakir

RELIEF AGENCIES were yesterday trying to forge a common relief policy amid political confusion over the future of thousands of Iraqi refugees stranded in inaccessible places along Turkey's south-east border.

Mrs Sadako Ogata, the United Nations High Commissioner for Refugees, got her first glimpse of problems faced in the camps as aid officials in Diyarbakir argued over the role of the US airdrop launched last week to help an estimated 300,000 Iraqi Kurds who have fled to Turkey. The aid agencies have been told they have 30 days before the US hands over responsibility to the United Nations.

Politically, the issue is complicated by Turkey's reluctance to give the refugees permanent sanctuary, and the concern of the UN High Commission for Refugees to accord the fleeing Kurds their rights under the convention on the treatment of refugees.

Turkey, which is a signatory to the convention, has a so-called geographic limitation which means it does not recognise non-European refugees and is confining refugees to border areas. A Foreign Ministry spokesman said yesterday the local governor's decision to move some 20,000 to Silopi on Monday, was taken on humanitarian grounds and did not constitute a change in policy.

"These people are not refugees. The do not have refugee status. A permanent settlement should be found inside Iraq," said the official.

"We don't care which way they go. As relief workers we want to get the refugees into places where we can realistically take over from the Americans," said Mr Hugo Slim of the Save the Children Fund, the UK charity.

The US emphasises that the airdrop is a temporary operation "while international organisations continue their preparations to assume responsibility for assistance to the refugees".

The need for a longer term strategy was underlined yesterday when the relief shuttles taking supplies from Diyarbakir to the camps had to be postponed because of bad weather and mechanical problems with some of the Chinook helicopters.

US officials have made clear that the helicopter drops would not be made inside Iraq, leaving that to the Hercules C-130 flying out of Incirlik 300 miles from the Iraqi border.

US civil affairs officers were yesterday in the camps trying to establish distribution networks among the refugees in a bid to avoid the chaos that has followed earlier airdrops when a number of refugees have been killed.

The US is dropping "ready to eat" meals, baby food purèes and packaged water. However, once the aid agencies take over, the refugees will receive simpler fare – beans and lentils. These supplies would normally be trucked in. Yet many of the sites are at present inaccessible by road.

The danger is that the US airdrop will, in fact, consolidate the existing refugee sites which relief officials believe will be all but impossible to sustain on a more permanent basis. One official said the camps would then become "permanently inappropriate".

"The problem is not only technical. The question is: does the international community want to create a big refugee camp? It's a political decision. Its quite possible possible to put a camp on stilts, or anywhere you want. But you have to establish your priorities," says Mr Xavier Emmanuelli, president and founder of Medecins sans Frontières, the French agency.


Colin Beere
Yildirim Akbulut, Turkey's premier, and Nurver Nures, ambassador to London, at yesterday's press conference

Turkish PM rejects criticism of relief effort

By **Victor Mallet**, Middle East Correspondent

THE Turkish prime minister, Mr Yildirim Akbulut, yesterday appealed to the international community to make greater efforts to help Turkey cope with the Kurdish exodus from Iraq instead of criticising Turkey's own relief work.

He told a news conference in London that the 25 planeloads of foreign aid sent to Turkey by the start of this week were "a drop in the ocean". Turkey needed 50,000 tents to shelter the 400,000 Iraqi Kurds who had already crossed the border, but had received only 8,000 from abroad in addition to the 3,000 given by Turkey itself.

"It's not an easy task and it's not a task that Turkey alone can accomplish," he said. "Twenty-five planeloads of aid material – Okay, we are grateful, but this is not a solution."

Mr Akbulut said televised scenes of Turkish troops pushing back Kurdish refugees to keep order were interpreted as "Turkish soldiers torturing people". He denied that Turkish soldiers had killed a single Iraqi Kurd.

Furthermore, he said, Turkey was still looking after 29,000 Kurds who fled from Iraq in 1988. Only 500 had been accepted by other countries, yet people criticised Turkey for the conditions in the camps.

Under intense international pressure, Turkey has begun to move some of the recently arrived Iraqi Kurds from exposed mountain sides near the border to a site at Silopi deeper inside Turkey. Mr Akbulut, however, said they would quickly be replaced on the mountains by up to 200,000 more Kurds streaming in from Iraq. It was vital, he said, that the Kurds returned as soon as possible to their own homes in Iraq with the protection of United Nations guarantees.

Turkey says its suggestion that Iraqi refugee camps be established on more favourable terrain on the Iraqi side of the frontier has been largely ignored, but Mr Akbulut said: "Whatever we propose as a measure now is only a temporary solution. . . It is our policy that these people must by all means go back to their own homes. This is a must."

Egyptians faced with austerity package

By **Tony Walker** in Cairo

NEWS OF an austerity package, including a 10 per cent sales tax, dampened Egyptian celebrations for the end of the Moslem fasting month of Ramadan yesterday.

The announcement, timed to coincide with the most euphoric day of the Islamic calendar and the forthcoming May Day bonus for government workers, also heralded sharp increases in petrol prices and electricity charges to comply with the demands of the International Monetary Fund.

Egypt, which has just agreed in principle a new $350m standby arrangement with the Fund, has been under pressure to reduce its budget deficit by further reining in subsides and by increasing revenue-raising measures.

Petrol prices will rise by 30 per cent and electricity by 35 per cent in line with Egypt's pledge to international lending institutions gradually to raise energy prices to world parity.

Rafsanjani to make first visit to west

President Ali Akbar Hashemi Rafsanjani of Iran will go to Turkey and Syria later this month before travelling to France on his first visit to the west since taking office, western diplomats said yesterday, Reuter reports from Tehran.

Mr Rafsanjani, who is moving towards warmer relations with the west that were frozen under Ayatollah Ruhollah Khomeini, the late spiritual leader, would visit France this summer.

His visit to Turkey had been planned before the Gulf war but postponed and will now take place on April 29 or early next month. He will visit Syria immediately afterwards, the diplomats said.

Iranian border reopened to refugees

Iran said yesterday a border crossing with Iraq had been reopened a day after Iraqi tanks and troops had sealed it and killed a number of Kurdish refugees. IRNA, the official news agency, said the Tileh Kouh border, near the Iranian town of Sar-e-Pol-e-Zahab, was reopened on Monday night and about 100,000 Iraqi refugees were waiting to enter.

Iraqi troops backed by 15 tanks had opened fire on the refugees at Tileh Kouh on Sunday night, killing a number of them and closing their escape route, according to a Tehran Radio report on Monday.

Iran formally protested to Baghdad, saying an Iraqi brigade moved two miles into Iran in violation of a UN-brokered ceasefire halting the two countries' eight-year war in 1988.

UN willing to keep register of arms sale

By **Andrew Hill** in Strasbourg

THE United Nations would be prepared to take responsibility for co-ordinating a register of international arms sales, Mr Javier Pérez de Cuéllar said yesterday.

Addressing the European Parliament, the UN secretary general said a register would ensure transparency in the world arms trade and could help prevent a build-up of weapons, as happened before the Iraqi invasion of Kuwait.

The idea of a global arms register first emerged at last week's EC summit in Luxembourg, at which European leaders discussed the aftermath of the Gulf war.

Mr Pérez de Cuéllar, attacked the "search for quick profit" which lay behind western nations' arms-dealing: "The size of the Iraqi arsenal amazed everybody but why were we so surprised? Hadn't we helped Iraq amass arms or made the necessary assistance available so they could produce them?"

Mr Pérez de Cuéllar was last night due to meet Mr Jacques Poos, foreign minister of Luxembourg which holds the EC presidency, over a possible trial of Iraqi President Saddam Hussein for war crimes.

China opposes zone for Kurds

China said yesterday it opposed the United Nations setting up a safety zone to protect Kurdish refugees in Iraq because it would violate Iraqi sovereignty, Reuter reports from Peking. "The establishment of a safety zone touches upon the sovereignty of one country," the Chinese Foreign Ministry said. China is one of five permanent members of the UN Security Council, along with Britain, France, the Soviet Union and the US.

Gandhi unveils radical election manifesto

By David Housego in New Delhi

MR Rajiv Gandhi, India's Congress party leader, yesterday launched his party's election manifesto with a pledge to cut government spending by 10 per cent in a first year of office and to embark on a privatisation programme.

A Congress government would allow public sector companies to sell stock to the public. And to help mobilise private savings, it would allow the private sector to establish mutual funds – an area now reserved to state owned institutions and nationalised banks.

Congress would also throw open road construction to the private sector. Later, the public sector would withdraw from areas such as manufacturing, hotels, petrochemicals, refineries and electric power.

The emphasis on deregulation and liberalisation reflects the views of younger economists and politicians close to Mr Gandhi who believe there is no alternative to radical change. In setting out a timetable of reform – a major feature of the manifesto – they believe a new government must act rapidly if it is not to be ensnared by bureaucratic hurdles.

With inflation at more than 12 per cent and interest payments absorbing a third of government revenues, the proposed 10 per cent reduction in expenditure represents a substantial cut in real terms. Mr Gandhi said it would be "spread across the board" – subsidies, salaries and defence. The manifesto adds that expenditure would be held at the same level in nominal terms during the second and third year of a Congress government.

Though there must be doubts whether a new government will in practice implement such severe cuts, the manifesto implies that Mr Gandhi accepts the conditions that would go with a substantial IMF borrowing. The most important of these would be a major cut in the budget deficit.

The manifesto on this score will help restore Mr Gandhi's credibility with foreign governments and creditors at a time when India is seeking to avoid defaulting on its foreign debt. Mr Gandhi has been blamed by diplomats for the postponement of the March budget which precipitated the decline in India's creditworthiness.

The belief that Congress would implement an IMF package and that a Congress-led government will emerge from the elections has prompted a sharp rise on the Bombay stock market this week. Congress party officials are privately less sanguine, believing that no party will gain an overall majority and that this will reduce the prospects for radical change.

The passages on the economy constitute only a small part of the manifesto that Mr Gandhi launched yesterday. He answered questions straightforwardly and confidently, and without the facetiousness he has previously shown.

The manifesto shows Congress anxious to win votes from the very poor and the Moslems – two traditional sources of support. Mr Gandhi promised Moslems he would prevent further mosques from being "reclaimed" as Hindu temples. This concession to Moslem sentiment would seem to pave the way for a compromise with Hindus over the proposed new temple at Ayodhya.

In contrast to Mr Gandhi's known personal beliefs, the manifesto promises support for job reservation for the poor and backward castes. But unlike Mr VP Singh's National Front which has pledged up to to 59 per cent job reservation in the central government for the poor and lower castes, Congress refrains from giving percentages.

Thais take their coup with a pinch of fatalism

Panyarachun: could face military conflict

Peter Ungphakorn reports on the calm after a bloodless takeover

AT THE weekend, as Thais celebrated their traditional New Year by drenching each other with buckets of water, the country's generals participated in a more sedate ceremony.

They visited the former Prime Minister, General Chatichai Choonhavan, at his home and poured lustral water over his hands, a ritual indicating great respect for an elder.

And yet these were the same officers who seven weeks ago overthrew General Chatichai, accusing his elected government of naked greed and corruption, of meddling in the affairs of the bureaucracy, of ruling by "parliamentary dictatorship," and of covering up a plot to assassinate a senior member of the royal family.

General Chatichai himself was only back in Bangkok for a few days to receive the highest royal decoration. He returns this week to London, where the nervous military leadership would prefer him to live for the time being. His assets, along with those of some of his colleagues, are still frozen, as a top-level committee searches for evidence of wrong-doing.

"Foreigners don't understand Thai coups" is a typical Thai comment uttered with amusement, fatalism, or a trace of complaint.

It is triggered not only by surprise at such events as took place at the weekend but also by the initial hesitancy of foreign investors and tourists, the queries of non-Thai organisers of the World Bank and IMF annual meetings due to be held in Bangkok in October, and the concern of human rights organisations about the situation in Thailand following the bloodless coup of February 23.

But Thais, too, can be taken by surprise, as they were on February 23. Thailand was supposed to have progressed out of almost 50 years of on-off military rule. After 11 years without being able to stage a successful coup, the army was supposed to be more restrained; its officers were supposed to be more modern in outlook and to have greater respect for the country's maturing political system and, just in case they were not, the rapidly growing business community was supposed to represent an important counter-force.

Whatever the announced reasons, the main cause of the coup was a steadily worsening and irreconcilable rift between the unusually unified military and the elected government, culminating in General Chatichai's attempt to sack General Sunthorn Kongsompong, armed forces' supreme commander.

And it was this same General Sunthorn, now chairman of the National Peace-Keeping Council, as the junta calls itself, who led the top brass to pay their New Year respects to General Chatichai.

As the country's political system adjusts to the opposing traditions of military bravado and outward, conflict-avoiding compromise, and to more recent democratic habits, most Thais have hardly been affected by the coup. Many freedoms remain almost unchanged, and those that are curbed should return to normal if elections are held on schedule next year.

Despite the continued enforcement of martial law and the short-lived detention of a handful of anti-coup protesters, the main cause of tension in Bangkok has been the chaos brought about by yet another attempt to re-organise the city's one-way traffic system.

But Thailand's political system is also facing a change of direction, and some collisions cannot be ruled out. This week's passage of bills to curb the activities of public sector unions was achieved without public protest because of martial law.

The civilian Prime Minister, Mr Anand Panyarachun, previously a staunch opponent of military dictatorships, has proclaimed that his government will conduct sound economic policy "transparently."

The 58-year-old businessman and former diplomat is supported by a cabinet comprising some of the country's best-known technocrats and businessmen - and only a handful of generals - who are determined to show that they can govern competently, honestly, and independently of the junta, with some accountability and sensitivity to public opinion. Hence, the emphasis on "transparency."

Despite the complaints about misunderstanding abroad, tourism and investment are picking up, following the Gulf ceasefire. And the national planning agency has increased its forecast of economic growth for this year to 9 per cent, which would keep the Thai economy among the fastest-growing in the world for a fourth consecutive year.

The National Peace-Keeping Council has retained ultimate political control. It has promised not to interfere, but has a supervisory position over the government and has summary power – shared with the prime minister – including the possibility of ordering execution without trial.

Half of the newly-appointed National Assembly comprises serving officers, and many of the rest are close to the military. The swift passage on Monday of two controversial bills depriving state-enterprise unions – the stronger section of Thailand's weak labour movement – of political activity and the right to strike, shows just how amenable the assembly is likely to be to the junta's wishes.

Many analysts predict that the Anand Government could find itself in conflict with the military, especially if some of the general's actions lead to a further weakening of democracy, particularly in foreigners' eyes, at a time when Thailand's image abroad is considered to be important, if foreign investment and economic growth are to be sustained.

Also likely to be controversial is the drafting of the new constitution which, according to the junta's interim charter, has to be completed with elections held by April next year. The drafting committee appointed on April 4 is charged with devising a document that would discourage vote-buying, a problem that has worsened in recent years.

The Thai public showed little attachment to their elected representatives, but the mood might change if the media were muzzled, if the military were to interfere more in civilian affairs, or if the junta were to take a liking to power.

"If they stay beyond April (next year), there will be trouble," warns one Thai businessman, who wholeheartedly endorsed the coup.

NEWS IN BRIEF

Mrs Mandela takes stand in kidnap trial

Mrs Winnie Mandela gave evidence for the first time yesterday in her two-month-old trial on kidnapping and assault charges, Reuter reports from Johannesburg.

Her lawyer, George Bizos, said she denied all the allegations. "No one was assaulted by her and no one was assaulted in her presence," he told the Rand Supreme Court. He later began questioning the wife of ANC deputy president Nelson Mandela on her social and political background.

The state accuses Winnie Mandela, Xoliswa Falati and John Morgan of arranging the kidnapping of four black activists from a church hostel on December 29, 1988. It alleges they were held hostage at Mandela's house and brutally beaten, kicked and whipped.

Australians win 2.5% pay rise

Australia's 7m workers were awarded a 2.5 per cent pay rise by the nation's wage fixing body yesterday, but union and government officials say the decision will hurt those with low income, Reuter reports from Canberra.

The Industrial Relations Commission awarded the rise after submissions from the government, employers and unions, rejecting a flat A$12 (£5.25) a week rise sought by the unions.

Mr Peter Cook, industrial relations minister, said the commission's decision, effective immediately, would give workers on an average weekly wage of about A$590 a rise of almost A$15. But workers on the minimum of A$432 would receive a rise of less than A$11.

Mr Cook said the 1990/91 budget forecast of 6.5 per cent for inflation might be slightly lower because of the wage decision.

Taiwan deputies stage walk-out

Opposition deputies walked out of Taiwan's legislature yesterday as the island braced itself for a pro-democracy demonstration that could end in a violent confrontation with police, Reuter reports from Taipei.

State radio said President Lee Teng-hui would make a rare address to the nation last night to discuss the brawling between rival deputies that paralysed parliament last week and the opposition's decision to take to the streets.

The main opposition Democratic Progressive Party (DPP) plans a big demonstration in central Taipei today.

Anniversary crackdown in Tibet

Authorities in Lhasa have arrested 30 people as part of a crackdown on crime before the 40th anniversary of Chinese communist rule over Tibet, Reuter reports from Peking. China plans to celebrate four decades of Chinese communist rule over the Himalayan region next month.

WORLD TRADE NEWS

William Dullforce analyses Gatt's report on the European Community

Poor marks for EC external trade practices

THE GENERAL Agreement on Tariffs and Trade's review of the European Community's trade policies, released yesterday, finds a striking contradiction between the EC's internal and external behaviour.

Internally, the Community is eliminating discrimination. It is creating a single market, in which the free movement of goods, services and capital will be assured and internal barriers to trade will disappear.

Externally, in contrast, the Community has been pursuing highly discriminating practices, according to the Gatt secretariat. It complains that the EC has put in place a "complex hierarchy" of preferential trading arrangements and built up a network of bilateral agreements with other countries, which introduce "strong elements of discrimination" into the multilateral trading system.

In the most outspoken report it has published since it started reviewing national trade policies in 1989, Gatt also raises several questions about the Community's institutional framework.

One concerns the transfer of national power to Brussels, specifically to the EC Commission. Gatt points to the lack of a statutory independent body at the Community level to act as a watchdog in trade matters, and it notes that the European parliament plays only an advisory role in trade policy.

The system under which the Commission proposes and councils of 12 ministers dispose favours "sector-specific views" against overall economic or trade considerations, when policies are formulated, the Gatt secretariat says.

Coal, steel, cars and semi-conductors are cited as examples of the EC's penchant for pursuing individual industries' interests separately. But the most glaring case has probably been in agriculture, where decisions by the 12 farm ministers effectively prevented the Uruguay Round international trade liberalisation negotiations from ending on schedule last December.

The Round has demonstrated the difficulties EC member states experience in coming to a common negotiating position and the inflexibility inherent in its decision-making system once a common position has been agreed, Gatt says.

Summing up its findings, Gatt considers that, as the world's largest exporter and importer, it is time that the EC matched its internal integration with "a parallel lifting of its external barriers and closer adherence to the fundamental principles underlying the multilateral trading system".

The Gatt report is by no means totally disparaging about EC external policies. The Community is defended against the charge that its drive towards a single, internal market is creating a "fortress Europe". Brussels has not raised protectionist barriers overall in the last three years; its trading partners are sharing in the stimulation given to internal economic growth through the spillover into import demand.

Tariff barriers against imports are moderate at a trade-weighted average of 5.1 per cent and almost all industrial tariffs are "bound" by an undertaking not to increase them.

However, Gatt considers that the value of these tariff bindings has been eroded by the EC's propensity to strike bilateral agreements "targeted against the most competitive foreign suppliers" among its trading partners.

EC textile and clothing manufacturers are shielded by 19 bilateral agreements under the Multi-Fibre Arrangement and by "self-restraint" deals with exporters in Mediterranean countries.

Some 50 bilateral export restraint accords are in place. The most notorious concern Japanese exports of cars, machinery, electrical and electronic equipment to the EC but South Korea now appears to rank second with agreements on frozen squid, footwear and video-tape recorders. The EC Commission told the Gatt that it was "not aware" of some of these measures.

Information about the parties involved, the trade covered, the degree of restriction, the duration or regional application of these agreements within the EC is limited, Gatt says. The accords reduced "transparency" in the multilateral trading system and they tended to become entrenched, indicating that they were delaying rather than promoting structural adjustment in the EC industries concerned.

Brussels rarely resorts to the safeguard action allowed under Gatt rules to provide temporary respite for industries badly hit by foreign competition. EC officials told the Gatt that they regarded selective restraint agreements with major exporters as less contentious and more efficient.

To conform with Gatt, safeguard measures must be temporary, applied to all exporters of the products concerned and restriction on imports in one sector must be compensated by liberalisation in other areas. A German safeguard measure pinpointed in the Gatt report restricts coal imports. Dating back to 1958, it holds the Gatt record for longevity.

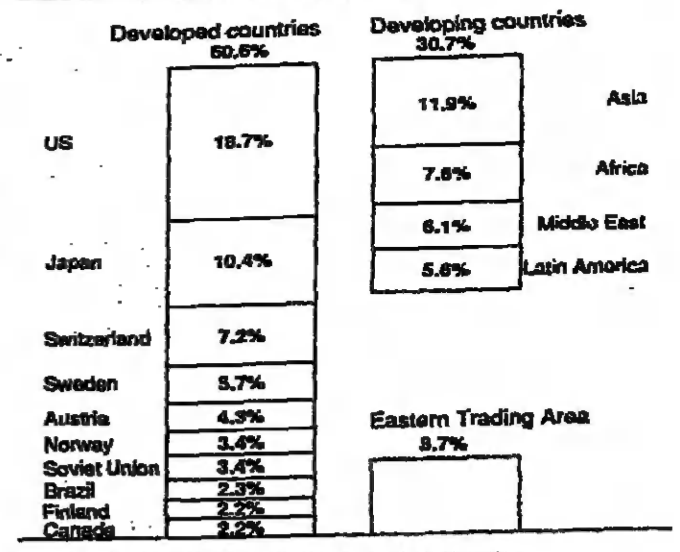
Reproaching the EC for preferring "pragmatic solutions", such as bilateral restraint arrangements or anti-dumping measures, Gatt warns that continuing with this approach would offer "a major threat" to a multilateral trading system founded on principles of non-discrimination, transparency and undistorted competition. The report notes with approval that the EC Commission has recently argued strongly against the selective approach.

Another target of Gatt criticism is what it describes as the Community's multi-layer system of trade preferences towards other countries. The EC accords preferences under free trade agreements with the six countries of the European Free Trade Association and Israel; under association arrangements with Turkey, Malta, Cyprus and 69 African, Caribbean and the Pacific countries; and under co-operation agreements with eight Mediterranean countries. Similar deals are under negotiation with east European countries and members of the Arab organisation, the Gulf Co-operation Council.

About 60 per cent of EC imports derive from countries participating in preferential schemes but the Gatt secretariat claims that the benefits are frequently only partial, show disparities in treatment and, again, raise the question of discrimination.

EC trading partners

Share in total EC merchandise imports: 1989



Source: Eurostat, External Trade Statistical Yearbook and monthly statistics

Brussels says Gatt criticism is unbalanced

THE EUROPEAN Community dismissed suggestions that its trade policy is dominated by restrictive measures as unbalanced.

Criticism in Gatt's review failed to recognise the basic openness of the EC market and the contribution to the growth of world trade in recent years, Mr Roderick Abbot, EC director for external trade relations, told the Gatt council.

In a written report to Gatt, in which it listed the problems it faces with the US, Japan and some leading developing countries, the Commission said the EC was operating in a far from perfect world - which might explain some unjustified barriers.

In some sectors, in which the EC had been criticised the most, there was another story to tell, Mr Abbot said. The Community was the world's largest importer of farm products and over half the imports entered duty-free.

Community imports of textiles and clothing had more than tripled since 1976. About 85 per cent of steel imports entered with no other obstacle than normal low or preferential zero tariffs. Even for cars the level of import penetration was already relatively high.

The EC's fundamental objective was to support and strengthen the multilateral trading system and Gatt, Mr Abbot said. But the multilateralism defended by the Gatt secretariat was not antithetical to preferential, regional and bilateral trading arrangements, all of which were allowed under Gatt rules and complemented the multilateral system.

Trade preferences could be of value for certain products from an individual country but did not in themselves alter the overall pattern of trade flows in an open economy.

> "Gatt failed to recognise the basic openness of the EC"

The EC gave greater preference to the African, Caribbean and Pacific countries, but their share in EC imports from all developing countries had fallen from 20 per cent in 1970 to 14 per cent in 1989.

Brussels used bilateral export restraint agreements because the safeguard action permitted by Gatt against imports threatening domestic industries was difficult to apply and of too short duration to be effective in restructuring industries like textiles.

Changes to the Gatt safeguard rules foreshadowed in the Uruguay Round could result in fewer bilateral agreements being struck.

Distortions in farm trade highlighted

GATT'S REPORT on the EC spotlights how individual governments complicate the Community's external agricultural policy by setting up farm support programmes of their own and continue to insulate their domestic markets from trade effects.

Taking Germany as an example, Gatt shows how the federal government had succeeded in "defusing reform efforts" by the EC Commission.

Germany has changed value added taxes and considerably expanded federal aid to "disadvantaged regions" which make up half its total agricultural area. In 1988 federal aid amounted to DM445m (£148.30m) up from DM65m in 1983.

Gatt points out that the bulk of farm commodities produced and consumed in the EC are decoupled from the world market through the system of variable levies by which Brussels bridges the gap between high EC farm prices and lower world market prices.

This leads to an odd situation from the point of view of the multilateral trading system. The EC's major imports are coffee, soyabeans, oilcakes and shellfish, to which variable levies do not apply, while Brussels pays export subsidies, amounting to Ecu6bn (£4.14bn) in 1989, to find markets for surplus EC output of cereals, milk products and beef.

Anti-dumping policy under scrutiny

CONTROVERSY over the European Community's use of anti-dumping measures is likely to be stimulated rather than stilled by Gatt's trade policy review.

Gatt notes that the EC ranks among the most intensive users of anti-dumping measures worldwide and that EC officials consider its anti-dumping and anti-subsidy law to be "one of the most important instruments of its common commercial policy".

Dumping occurs when a manufacturer sells a product on an export market at a lower price than that charged on his home market. If dumping can be proved, Gatt rules allow the importing country to impose duties on the product, to protect its own manufacturers.

Other countries, in particular Japan and Asian exporters such as Hong Kong and South Korea, have charged Brussels with using the anti-dumping instrument arbitrarily. EC "screwdriver plant" legislation applying anti-dumping action to products assembled within the Community from imported parts, has already been sanctioned by a Gatt disputes panel.

Between 1980 and 1989 the EC implemented 256 anti-dumping measures, the most conspicuous being those taken against imports of Japanese electronic equipment. In roughly two cases out of three the exporter undertook to raise his price rather than have a duty imposed.

Brussels' claim that no more than about 1 per cent of total EC imports has been subjected to anti-dumping charges excludes these price undertakings.

Moreover, Gatt argues that the uncertainty generated by the EC's frequent resort to anti-dumping action is likely to affect a larger volume of trade. It cites evidence that countries have voluntarily restrained exports to the EC.

Gatt highlights an arrangement reached by the EC Commission in February under which seven Japanese producers of advanced Eprom semi-conductors agreed to price undertakings and the Commission threatened to impose a 94 per cent duty on any newcomer not prepared to give a price undertaking.

A public interest clause in EC law has apparently had no major impact on Brussels' anti-dumping practices, Gatt says. It notes that only two of the 40 anti-dumping investigations launched between mid-1987 and mid-1988 were terminated within the 12 months stipulated by EC Council regulations.

The EC Commission argues that its anti-dumping practice is fair, equitable and in many instances more liberal than that of other countries.

The size and accessibility of the EC market made it a prime target for dumping and it was essential for EC producers to benefit from an effective instrument against unfair pricing, the Commission said.

EC ANTI-DUMPING ACTIONS: 1980-89
(Number of cases)

	1985	1986	1987	1988	1989	1980-89 Total
Complaints	62	46	75	57	38	449
Initiations	36	24	39	40	27	378
Measures taken	12	29	16	18	14	279
of which: definitive duties	8	4	8	18	9	96
price undertakings	4	25	8	0	5	183
Findings of no dumping	2	4	4	0	0	34
Findings of no injury	15	7	4	5	5	83
Measures in force*	165	187	169	133	120	–

*Figures refer to measures taken after Jan 1 1980 Source: EC Commission

Brazil to abolish law on information technology

By **Christina Lamb** in Brasilia

THE Brazilian government is planning to allow foreign companies to produce software in Brazil and to abolish the controversial "law of similars" which prohibits the import of information technology similar to products manufactured by Brazil companies.

The decision was taken last Friday by the National Informatics Council (Conin) which meets today to put the final touches on a new law intended to end the market reserve for Brazilian products and open up this most protected area of the country's economy.

If the new law is passed by the Brazilian Congress it will end a long-running trade row with the US and will be welcomed by foreign companies wanting to enter Brazil's market and which hope it will put an end to widespread pirating.

However the law's passage through Congress is not expected to be easy as it will spell the demise of many Brazilian computer companies.

Information technology products in Brazil generally cost three times the price in the US and are widely thought to be a generation behind. Mr Gregorio Diaz, president of the US company Microsoft in Brazil, says: "There is an incredible amount of repressed demand in this country and Brazil is currently foregoing lots of opportunities." He welcomed the Conin recommendations but warned: "Let us see how it will be implemented."

As part of President Collor's commitment to liberalisation, his government has already promised to end the market reserve for Brazilian information technology by October 1992. The delay is intended to give national industry time to become competitive. However with Brazil currently in recession national computer companies have little resources for modernisation and were furious last October when the government reduced the list of protected products but did not free the components considered necessary for national companies to modernise.

Consequently many companies are now seeking foreign partners. Since this was allowed in October two Brazilian companies, SID and Elebra, have signed joint ventures with IBM and Digital respectively. Both IBM and Digital have long been operating in Brazil. With direct access in sight foreign companies not already in Brazil feel they have little to gain from joint ventures.

China warns US not to end MFN status

CHINA'S de facto embassy in Hong Kong has warned Washington that suspending China's most-favoured nation (MFN) trade status would equally hurt the US, the Peking-funded newspaper Ta Kung Pao said yesterday, Reuter reports from Hong Kong.

President George Bush must decide by June whether to renew China's MFN status – a reciprocal arrangement that places the lowest available tariffs on each nation's exports.

He is under pressure from Congress to scrap the arrangement in protest against China's crackdown on dissent in Peking in June 1989.

Wang Pinqing, vice-director of the New China News Agency's office in the British colony, said in Canton on Monday he believed Washington was seriously considering what to do. This was because ending China's MFN status would also affect Hong Kong and basic US interests, he said.

Wang added that human rights issues could not be used to set international trade policies. He said the incident in Peking was past, adding that China and the US had never shared the same views on human rights.

Li Peng, the Chinese prime minister, warned Washington on April 10 that relations would be seriously damaged if China's MFN status were suspended.

US figures show China ran a trade surplus with the US of $10.4bn (£5.8bn) last year. Washington officials believe the gap could grow to $15bn this year.

Australians win Boeing tail deal

BOEING of the US has awarded contracts worth around A$455m to supply major portions of the composite tail control surfaces for its 777 airplane to two Australian aerospace companies, AP reports from Canberra.

Boeing said yesterday that AeroSpace Technologies of Australia (Asta) will provide the airplane's rudder, while Hawker de Havilland will produce elevators attached to the horizontal stabilizer.

The Boeing 777 will be the world's largest twin jet when it begins service from 1995.

AeroSpace Technologies of Australia provides the rudder for the 757 jetliner and the leading-edge Krueger flaps for the 747. Hawker de Havilland produces ailerons for 737s, and wing ribs for the 757.

India tightens controls on exports to Soviet Union

INDIA, reeling from a severe foreign exchange crisis, has tightened rules on the sale of goods with a high import content to the Soviet Union, senior government officials said yesterday, Reuter reports from New Delhi.

The decision, which took effect last week, was prompted partly by the shortfall in Soviet crude oil exports to India and abuse by Indian exporters of tax concessions, they said.

"With the rise in exports of our high-import goods to Russia and a slowdown in Soviet exports, we are becoming net losers in foreign exchange," one senior official said.

"Due to the slowdown of Soviet exports, Russia owes us about $1bn in unpaid credit for trade over the last three years," said the official, who declined to be identified.

Economists estimate that about 15 per cent of India's total trade is with Moscow, its main arms supplier and chief diplomatic ally.

India pays for its imports from the Soviet Union in rupees under a bilateral 1991-1995 trade pact.

The curbs on Soviet exports were the latest in a series of government responses to India's perilously low foreign exchange reserves, which are barely enough for a month's imports.

Commerce ministry officials said the export of goods such as electronic products, machinery, chemicals and pharmaceuticals would fall under the new rules.

Exports of local products such as leather goods, textiles and tea would continue without restriction, he said.

Goods with foreign input of up to 60 per cent were previously allowed for export to the Soviet Union. No duty was levied by the Indian government on the imported items. Officials declined to give details of the new guidelines.

Imports of crude oil and oil products, key commodities under the trade pact, fell 300,000 tonnes short of the contracted amount in the year to March 1991, and industry officials said further shortfalls were likely.

India contracted to buy 7m tonnes of crude oil from the Soviet Union in 1990/1991.

Tokyo sees way out of chip pact dispute

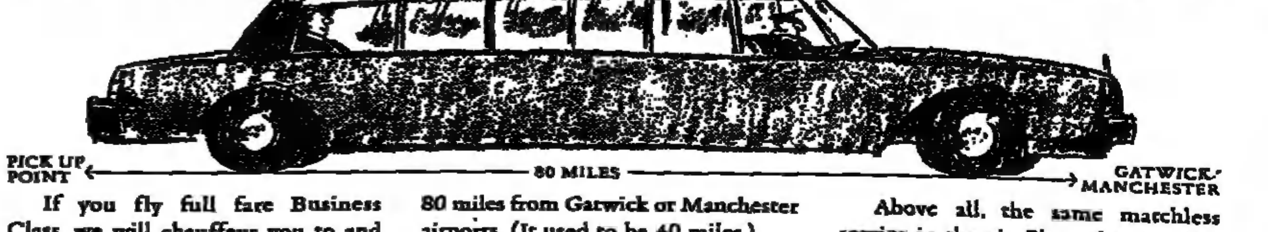
THE framework of a compromise solution will be on the table when US and Japanese officials meet in Tokyo tomorrow to discuss their long-standing dispute over microchip trade, a Japanese trade official said, Reuter reports from Tokyo.

The talks, on renewing a five-year pact, will centre on the contentious issues of market share in Japan and trade sanctions in the US.

The 1986 microchip pact, which expires at the end of July, was designed to stop Japanese dumping, or selling microchips below cost, in the US and third-country markets and to give foreign semiconductor makers a better chance to sell their products here.

Japanese officials said they would consider a US request that a new pact specify a 20 per cent share of Japan's microchip market as a target for foreign chips, but on condition the figure is not a guarantee.

In return, Tokyo wants Washington to drop 100 per cent tariffs imposed on $165m (£92.10m) of Japanese goods because of Tokyo's alleged failure to live up to its pledge to improve foreign microchip makers' access to Japan.



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Regulatory body plans new rules on investment

By Richard Waters

LONDON'S Securities and Investments Board (SIB), the umbrella regulatory body, yesterday proposed detailed changes to the rules on how investment firms handle their clients' money.

The SIB, however, shied away from suggesting significant changes of principle, despite concern expressed after the collapse of British & Commonwealth Holdings, the financial services group which went into administration last year.

The proposed changes are prompted by experience over the last three years of operating the existing rules, and of difficulties experienced when investment firms collapse, the SIB said. The changes include:

- If clients of an investment firm specify a bank where they want their cash to be held, this money will not be "pooled" with that of other investors if another bank used by the same investment firm collapses.

The SIB decided not to change its rule on pooling in other cases. This rule, under which all investors get back the same share of their investments after a firm goes bust, is the fairest and most cost-effective way of handling such cases, the board said.

- Investment firms will have to warn clients if they may put money into a bank owned by the same group. This is a partial response to the B&C case, where investment firms within the group deposited money in a sister bank, British & Commonwealth Merchant Bank.

The proposal falls well short of another idea considered by SIB, which would have restricted firms' ability to deposit client money with related banks.

- Investment firms will have to notify professional investors if their money is not held separately from the firms' own funds.

This is a response to the failure of Drexel Burnham Lambert, after which it emerged that some professional investors had not realised that their funds were intermingled with those of the firm rather than being held in segregated accounts.

Many of the other changes are aimed at simplifying procedures for investment firms.

Proposals for Amended Client Money Regulations, SIB. £20

Kinnock ends backing for unilateral disarmament

By Philip Stephens, Political Editor

MR NEIL KINNOCK abandoned yesterday the last vestiges of the Labour party's support for unilateral nuclear disarmament.

The shift, designed to defuse defence as an issue in the election campaign, came at the launch of a 27,000-word policy document promising to combine economic prudence with a comprehensive programme to "modernise" Britain.

In an attempt to refute ruling Conservative charges that Labour would negotiate away Britain's deterrent in return for a fraction of the Soviet nuclear force, Mr Kinnock said that: "We have at no stage . . . made a commitment to getting rid of all nuclear weapons for as long as others have them".

His comments will dismay those on the left of his party, but were seen by senior members of the shadow cabinet as filling the last gap in Labour's defence strategy.

The Labour document, entitled "Opportunity Britain" to emphasise its claim to what is becoming the political slogan of the 1990s, marks the final stage in the shift into the centre ground of politics which began with the 1987 election defeat.

The document puts a commitment to revolutionise Britain's education and training at the heart of a strategy which Mr Kinnock declared would provide a "confident and commonsense lead into a better future".

It emphasises repeatedly that Labour's spending plans - from those on education and the NHS to those needed to meet pledges to encourage industrial investment - will be met only when economic growth permits. Mr Kinnock said those on average earnings would not be hit by Labour's intention to raise the ceiling on National Insurance contributions and to increase the top rate of tax to 50 per cent.

Labour also set out in detail its plan to radically restructure government decisions on public spending and taxation. In an attempt to prevent a pay explosion wrecking its plans for increased investment in industry and in education and the health service, Labour plans to wrap its public spending decisions into the annual budget.

The announcement will follow a "National Economic Assessment" in which employers and trades unions will be invited to make a judgment on what the country can "afford" in the annual pay round. The implication is that excessive awards would be followed by tougher decisions on tax and public spending.

The launch coincided with agreement by a government Cabinet committee on a property-based alternative to the poll tax, the government's failed per capita tax. The new tax, which will set out as a firm recommendation in a policy document next week, will be based on the capital values of houses and flats, with a discount for those living alone.

Party makes overture to small investor

By Ralph Atkins

LABOUR is seeking to steal the Conservatives' claim to be the party of wider share ownership with a package of proposals for encouraging investment in the UK economy by individuals.

Ms Marjorie Mowlam, the party's City of London spokesman yesterday told a London conference that contrary to the impression given by the government, small investors were being "systematically squeezed" out of the market.

She blamed "harsh" commission charges and the government's failure to provide "even reasonable protection" for consumers.

Labour proposals for the small investor are aimed at creating a framework for encouraging both individual share ownership and a stable source of development finance.

Proposals include simplifying documentation and lowering transaction costs. There would be a greater emphasis on training in the financial services industry and a streamlining of the system of self-regulatory bodies in the City.

Ms Mowlam said the proportion of all shares owned by individuals had fallen under the Conservative government despite privatisations.

Speaking to the annual conference of the Investor Relations Society, Ms Mowlam said Labour would review the existing Investor Compensation Scheme but stopped short of setting out Labour's preferred changes. She acknowledged agreement would have to be reached with Britain's European partners.

Labour favours linking personal savings to local and regional development as well as the national economy.

Labour moves to centre ground

Philip Stephens examines the party's latest manifesto pledges

There are three battlegrounds on which the Conservatives hope to fight the next general election. They have not changed since 1983 and 1987.

Despite Mr Neil Kinnock's undoubted success in dragging Labour into the centre-ground of British politics, the Conservatives' research show he is still vulnerable on three issues - the economy, defence and the trades unions.

Labour's "Opportunity Britain" - the draft programme for government which will form the basis of its election manifesto - suggests that Labour shares privately the same judgment.

The document, from a party which has sustained its recent momentum by being "never knowingly underlaunched", builds on rather than displaces its two predecessors - Meet the Challenge and Looking to the Future.

Mr Kinnock summed up the general theme in his opening remarks at yesterday's typically slick launch with the comment that: "The old ideologies - command economy at one extreme, crude free market economics at the other - do not work".

Put another way Labour's alternative to Thatcherism is no longer socialism, but the centrist social democracy which - and the document reminds us of this repeatedly - works well in France or Italy, even Germany.

For the thesis to be credible, Mr Kinnock has to show that Labour can turn the Tories chosen battlegrounds into neutral territory. His hopes rest upon what it does not promise as much as on what it does.

Beyond a general commitment to defend the realm, the document restricts its comments on nuclear disarmament to a reference to the party's previous statements. But Mr Kinnock and Mr Gerald Kaufman, the shadow foreign affairs spokesman, added an important gloss to reassure the electorate.

Neil Kinnock: has to show that Labour can turn the Tory battlegrounds into neutral territory - his hopes rest upon what it does not promise as much as on what it does

The pledge to negotiate away Britain's independent deterrent did not, they stressed, mean that a Labour government would give up nuclear weapons in exchange for a Soviet move to scale them down. Instead it would keep open the option of retaining some nuclear capability as long as the Soviet Union - and any other country for that matter - held a nuclear arsenal.

The lengthy section on the economy is similarly full of reassuring noises. There are two firm public spending pledges – to restore the real value of child benefit and to increase the state pensions - but every other commitment will have to wait its turn in the queue. "There will be no irresponsible dash for growth under Labour".

The Conservatives undoubtedly will produce their own costings for plans to increase capital allowances for industrial investment, for a training "revolution", for the commitment to transform educational opportunities, for new Technology Trusts and for a more responsive health service.

Mr Kinnock's response is already there. Labour has learnt to balance its ambitions with prudence. "We will not spend, nor will we promise to spend, more than Britain can afford".

Nationalisation is not a word in the new Labour vocabulary. Instead the party plans to take "control" of the national electricity grid. The other privatised industries - including perhaps British Telecom - look safe in terms of ownership but would be subject to a tighter regulatory framework.

The basic strategy is underpinned by a commitment to preserve sterling's place in the ERM and an apparently casual acceptance of the inevitability of European Economic and Monetary Union. London, the document says, is the natural home for a European Central Bank.

There is no change in the proposals of Mr John Smith, the shadow chancellor, to raise the top rate of tax to 50 per cent and to abolish the ceiling on National Insurance payments.

The calculation is that only a little over 10 per cent of those in work would suffer.

The language on industrial relations still bears the imprint of Labour's intractable ties with the trades unions. "We fully support and advocate 100 per cent trade union membership at the workplace", it says. But the closed shop does not merit a mention and, as elsewhere, the emphasis is on "best European practice".

The Tories are convinced that there is still plenty in the document shoot at. But Mr Kinnock has further narrowed the angle of fire.

Failed tour company returns in new guise

By Clay Harris

A SCHOOLS tour operator which ceased trading before Easter has emerged in a new guise, employing the same staff.

Its failure, and that of a competitor have created a financial crisis for the Association of British Travel Agents (Abta), which is faced with a £3.5m bill to bail out the two companies' customers.

Adventure Travel International (ATI) has emerged as School Life and is approaching schools which had booked holidays with ATI, offering to provide the same or similar trips.

School Life says Abta and ATI's administrative receivers have approved its approach to schools, a claim denied by both parties.

ATI, based in West Yorkshire, is one of several school operators to collapse since February.

A letter received by one school in Kent says School Life is "backed by" Midland Fox, a bus and coach operator. Mr David Martin, Midland Fox's managing director, said School Life was a trading division of his company.

At School Life, Ms Ryan said: "We have retained the [ATI] staff because of their experience in putting together tours." Asked if this included Mr Nigel Parker and Mr David Constance, ATI's founders who sold the company in January but remained as consultants, she said: "They're both involved at the moment, at least until everything is sorted out."

One school approached by School Life was Sowerby Bridge High School, West Yorkshire. Mr Russell Lawrance, a physical education instructor who helped to organise a trip due in July, said a message from Ms Suzanne Baxter of School Life was waiting when he returned from Easter holidays.

Ms Baxter, formerly customer services manager at ATI, offered to re-arrange the school's trip Mr Lawrance said. Mr Lawrance decided not to do so. He will apply to Abta for a refund of the £4,200 deposit lodged with ATI.

- Rank Organisation, the leisure group which owns New World Travel, a school holidays operator, has acquired the summer booking files of Adventure Express from its receivers. Adventure Express, based Buckingamshire, south-east England, ceased trading on March 28, the same day as ATI, but is not related to it.

UK NEWS

Guinness case counsel 'stunned'

By Raymond Hughes

THE Appeal Court in London was told yesterday of "consternation" at Southwark Crown Court after the jury retired to consider its verdicts in the Guinness trial last summer.

Miss Clare Montgomery, for Mr Anthony Parnes, a London stockbroker, said that counsel was stunned when, in his summing-up, Mr Justice Henry told the jury they need not deal with charges brought under section 151 of the 1985 Companies Act.

From the time of the pre-trial hearings the judge consistently declined to remove those charges from the indictment but had asked the prosecution to do so, because he regarded them as inconsistent with other charges under the Theft Act, Miss Montgomery said.

Mr Parnes, serving a two-and-half year jail sentence in an open prison, Mr Ernest Saunders, former Guinness chairman and chief executive, serving five years, and Mr Gerald Ronson, head of the Heron group, fined £5m and released in February after serving just under half his 12-month sentence, are appealing against their convictions and sentences. Central to the appeals is what is claimed was Mr Justice Henry's misdirection of the jury on section 151, which makes it an offence for a company to give financial assistance for the purchase of its own shares. The appeals continue today.

Underlying inflation still haunts economic policy

By Peter Norman, Economics Correspondent

THE UK government yesterday received a sharp reminder that underlying inflation remains a problem with news of another large increase in the price index for British manufactured goods last month.

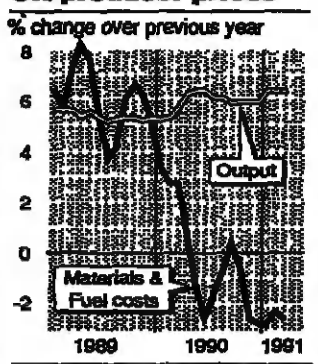
The Central Statistical Office (CSO) reported that the price index of goods at the factory gate, which is not seasonally adjusted, rose 0.7 per cent between February and March and was 6.3 per cent higher than in March last year. The annual rate of increase for output prices has stayed unchanged at 6.3 per cent in the first three months of this year.

Treasury officials said the figures justified the government's cautious approach of cutting bank base rates by half a point at a time in recent weeks despite the strength of sterling in the exchange rate mechanism of the European Monetary System.

News of the March producer price rise contributed to a fall in London equity prices, which earlier yesterday had reached a new trading high. Investors reckoned that the government would now be less likely than before to contemplate an early cut in bank base rates from the 12 per cent level set last Friday.

There were, however, some grounds for optimism in yesterday's output price figures. Much of the monthly increase reflected higher prices for food, drink and tobacco following the March budget increases in excise duties.

UK producer prices



After excluding these elements from the index, the annual rate of output price inflation dropped to 6.4 per cent last month from 6.6 per cent in February. The CSO also revised downwards the February rate of factory gate inflation from the provisional 6.7 per cent figure reported last month.

The Treasury described this development as "mildly encouraging". According to Mr Peter Spencer, chief UK economist at Shearson Lehman Brothers in London, yesterday's figures could be "a first little sign" that output price inflation is easing.

Such a change of trend been expected for some months because recent industrial trends surveys from the Confederation of British Industry have consistently suggested that fewer UK manufacturers are planning price increases because of the recession.

Mr Christopher Johnson, group economic adviser of Lloyds Bank, suggested yesterday that Britain's comparatively high level of producer price inflation could be recession linked. It reflected high unit labour costs caused by earnings rising quite sharply at a time of falling production. "Some companies are putting up prices to remain solvent," he said.

Other government figures released yesterday showed that companies continued to benefit from depressed prices for fuel and raw materials last month. The input price index rose by 0.2 per cent between February and March as higher prices for metals and home produced food manufacturing materials were nearly offset by a seasonal fall in electricity costs. Input prices last month were 2.5 per cent lower than in March last year compared with an annual drop of 2.2 per cent in February.

On a seasonally adjusted basis, however, input prices increased by 0.6 per cent last month against a fall of 0.7 in February.

Oil workers threaten to form new union

By John Gapper

LEADERS of unofficial industrial action in the North Sea today threatened to establish a breakaway union, unless official unions created a new joint offshore body. The move came as the unions tried to negotiate a new pay deal for construction workers.

The conflict over union recognition came to a head with a call by leaders of the Offshore Industry Liaison Committee (OILC) for unions to alter the way they represent offshore workers. They said moves towards a new union would be "inescapable" if the unions refused.

The dispute was provoked by negotiations between construction unions and the Offshore Contractors' Council (OCC) on a new recognition agreement covering "hook-up" work on construction of rigs, but not the "post hook-up" phase of maintenance of rigs.

The talks came after unions failed to persuade enough offshore workers to register for a ballot on industrial action to force a single continental shelf union agreement covering all 20,000 workers in various offshore occupations.

Mr Ronnie McDonald, chairman of the OILC, said that, unless the unions established a joint offshore section with a certificate of independence as a separate union and freedom to decide its own policies, moves towards a breakaway union were likely.

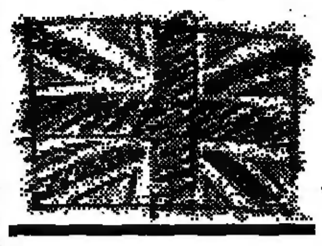
He said that, if unions refused to do so, "they will have declared unilaterally the North Sea a no-go area for them." Offshore workers would then be likely to "seek their own solutions" to the industrial relations process.

Mr McDonald was speaking at the launch of an OILC document on industrial relations in the North Sea, which said the Trades Union Congress, representing most of Britain's unions, should support a new joint section within the six offshore unions with a certificate of independence.

Mr Jimmy Airlie, executive councillor of the AEU Engineering union said the document was "whining" and would not help solve the problems of offshore workers. Mr Airlie was speaking before entering talks with employers.

The unions are keen to re-establish a hook-up agreement because £20bn of construction work is due over the next four years, including the reconstruction of the Piper Alpha oil platform. The last hook-up deal was abandoned by unions in 1988.

BRITAIN IN BRIEF



PowerGen turnover up by 60%

PowerGen, the recently-privatised generator, has increased its electricity sales turnover by 60 per cent, after winning new business worth £200m from industrial and commercial customers including British Rail, Tesco, Kelloggs, Cadbury-Schweppes, and British Gas.

PowerGen's sales rose from £300m last July to £500m this month, as the second round of annual negotiations between electricity suppliers and their large customers drew to a close.

Meanwhile, PowerGen has clear plans to reduce its dependence on British Coal by 1994. The company, which stresses that its drive to cut consumption of UK coal is the result of stringent new EC legislation on sulphur dioxide emissions, expects to be importing around 10m tonnes of low sulphur coal by 1994.

The coal which will probably be imported from Columbia, the Eastern US, Australia and China.

Isle of Man presents budget

The Isle of Man has presented its 1991 budget, this year aimed at spreading benefits of the island's thriving economy among the less well-off of its residents and to aid more businesses.

Personal income tax allowances have been increased and the level of corporate income tax retained at 20 per cent.

Mr Donald Gelling, Treasury Minister on the island off England's west coast, said his intention was "to assist business, whilst seeking to ensure adequate funding for public services."

London denies reports of Stealth purchase

Britain's Ministry of Defence (MoD) has denied reports that it is considering buying the Stealth US fighter (above) which was invisible to the Iraqis in the Gulf war.

Jane's Defence Weekly, the specialist magazine, claimed the MoD has talked to the US about purchasing the Lockheed F-117, which evades detection on enemy radar and was used to deliver laser-guided, precision munitions. The MoD said there was no opening for a British purchase of the fighter, costing around £25m each, in the current financial climate.

Review pledged on ITV claims

The Home Office and the Treasury have agreed to look into claims by Independent Television (ITV) that it is paying too much in a special levy on its revenue and profits at a time of severe recession in the advertising industry.

Pipeline talks at crucial stage

Negotiations to bring natural gas to Northern Ireland in a joint deal with the Republic of Ireland are at an advanced stage.

Officials from the Department of Economic Development, which is responsible for industrial policy in Ulster, are discussing provision of a gas pipeline for the province with interested parties, including Department of Energy officials in Dublin and British Gas.

Lloyds plans Amex venture

Lloyds Bank is to withdraw its corporate charge card and instead market that of American Express.

Lloyds, said the move was part of its strategy of developing its own products only where it could establish a strong market position.

Bomb explodes at Shorts

Mr Peter Robinson, the East Belfast MP, demanded tighter staff vetting at the Shorts aircraft factory procedures after another IRA bomb attack. The fire which followed an explosion damaged an office block but nobody was hurt. It was the sixth time the company's property was attacked in two years.

The company has spent tens of thousands of pounds on security measures to try to keep the bombers out. Staff also have to go through a series of identification spot checks.

But police chiefs fear that republican sympathisers working at the complex are helping the terrorists.

BR problems highlighted

The extent of British Rail's deepening financial difficulties was highlighted as the Government announced that BR had ended its financial year with a budget shortfall of £316m.

The Department of Transport said a downturn in BR's profits from property sales, the effects of the recession on passenger and freight revenues, and extra spending on safety were to blame.

Each year, the Government sets an external financing limit for BR – the amount it receives in Government grants and loans to cover the difference between its income and expenditure.

City workers go on strike

Liverpool City Council employees have begun a three-day official all-out strike in protest against 1,000 planned redundancies among the city's 29,000 employees.

About 90 per cent of union members supported the action, according to unions.

All revenue collection ground to a halt in the north west city, rubbish remained uncleared and social services offices were shut.

NatWest to offer 7.5%

National Westminster Bank told its 80,000 UK staff that it is implementing a package which will give pay rises of 7.5 per cent and allow the bank to require more flexible starting times from employees.

The package is being adopted in spite of strong opposition from the Banking, Insurance and Finance Union, which is organising a strike ballot in pursuit of an improved offer.

National Westminster said it had decided on implementation after members of the NatWest Staff Association had voted in favour of acceptance.

FT LAW REPORTS

'Defectively designed' implies negligence

HITCHINS (HATFIELD) LTD v THE PRUDENTIAL ASSURANCE CO LTD
Court of Appeal (Lord Justice Parker, Lord Justice Butler Sloss and Lord Justice Mann): March 27 1991

INSURERS WHO cover building contractors for loss arising out of "defect in design" subject to a proviso excluding the redesigning costs of "defectively designed" property cannot raise a defence of defective design to a claim for redesigning costs without proving negligence or the contractors' personal failure, in that "defectively designed" is not merely descriptive of the inanimate property, but indicates personal activity on the designer's part.

The Court of Appeal so held when allowing an appeal by the plaintiff insured, Hitchins (Hatfield) Ltd, from Mr Justice Evan's decision on a preliminary issue on its claim against the defendant insurer, the Prudential Assurance Co Ltd.

LORD JUSTICE PARKER said that Hitchins were building contractors. During September 1984 they were working on the development of a residential housing site at Filsham Valley, St Leonards on Sea.

The development was on a nine-degree slope. To build the houses Hitchins terraced the site to provide four level benches. That involved increasing the slope between the terraces to about 22 degrees.

After some of the houses had been built there was a series of landslips due to the presence of discrete shear surfaces within the clay.

The houses were not damaged but the slopes between the terraces had to be reinstated.

Hitchins were insured by the Prudential under a Contractors' Combined Policy covering February 1 1984 to June 30 1985.

By section 1 of the policy they were covered for all risks to the works and the property.

By clause 3 of an endorsement to section 1, the insurance covered loss arising out of "any fault, defect, error or omission in design" subject to provisos: "(i) the property insured . . . shall not be deemed damaged solely by virtue of any such fault, defect, error or omission . . . (iv) no amount shall be admitted in respect of any increased costs due to redesigning the property insured or any part thereof which is defectively designed".

Hitchins claimed £860,306 under the policy for the cost of reinstating the works, including the costs of shoring up and propping by piling.

By writ dated March 2 1988 it was alleged that although the Prudential had paid £304,877 under the policy it had wrongfully refused to pay the remainder.

In paragraph 5 of its points of defence the Prudential alleged that the land slip occurred due to design defects in the works.

It said that the slope as constructed was unstable, and that proper design required the installation of piling and drainage to stabilise the slope.

In paragraph 7 the Prudential alleged that installation of piling and drainage was necessary to rectify the original defective design and it was not liable for such costs and expenses.

A preliminary issue was tried as to whether on the true construction of the policy (a) the facts alleged in paragraphs 5 and 7 were capable of constituting a good defence in law to Hitchins's claim; and (b) if so, whether the Prudential must further prove that the design of the works was negligent or arrived at with some element of personal failure or non-compliance by Hitchins.

Mr Justice Evans answered (a) yes and (b) no. Hitchins now appealed.

The question was whether it was necessary, in order to be able to justify refusal to admit any increased costs due to redesigning, to prove that the original defect in design was negligent or arrived at with some element of personal failure or non-compliance by Hitchins.

Clause 3 of section 1 specifically included loss arising out of any fault, defect, error or omission in design subject to the provisos.

It was common ground that, subject to the provisos, that wording was apt to cover loss due to faults, defect, errors or omissions, whether or not they were negligent or involved an element of personal blame for non-compliance.

Proviso (i) contained a form of definition by limiting the meaning of damage so as not to include loss due solely to the existence of "any such fault, defect" etc.

There was a clear reference back to the general words, "loss . . . arising out of any fault, defect . . . in design", and there was thus no question of distinguishing between negligent and non-negligent errors or omissions.

Proviso (iv) was markedly different in content from proviso (i). Unlike proviso (i) it did not on its face refer back to the general words, it was clearly an exception rather than a definition; it dealt with increased costs due to redesigning; it did not refer to fault, error or omission; it did not use "defect in design", but "defectively designed".

Hitchins contended that the change in wording was significant, that "defect in design" covered any defect which in fact existed in the design whether or not the defect was due to negligence, but that use of the adverb "defectively" to qualify the verb "designed" connoted a measure of blame on the part of the designer.

Hitchins relied on Mr Justice Windeyer's judgment in the High Court of Australia in *Queensland Government Railways and Electric Power Transmission v Manufacturers Mutual Insurance [1969] 1 Lloyd's Rep 215.*

In that case the plaintiffs claimed under a construction all risks policy which provided that the insurance should not include loss or damage arising from "faulty design". The difference between "faulty design" and "faulty designing" was considered at length in Windeyer J's judgment.

He said the court was concerned with "faulty" not as importing blame, but as descriptive of an inanimate thing. He said in that sense "fault" and "faulty" did not connote a falling short in conduct, but designated an objective quality of a thing – "It is faulty because it has defects, flaws or deficiencies." He said faulty workmanship was a reference to the manner in which something was done, to fault on the part of a workman, but a faulty design on the other hand, was a reference to a thing.

Proviso (iv) was directed to costs due to redesigning what had been defectively designed.

"Redesigning" appeared to point to personal activity or conduct, and there was no reason to hold that the following words, "defectively designed", should be construed differently.

Both "designing" and "designed" were part of a verb referring to the designer's activity rather than the inanimate product of his work.

In his judgment Mr Justice Evans said that the question was whether the draftsman had used the words "which is defectively designed" as a form of reference back to the words of cover which appeared to be "defect in design". Or had he intended not merely to refer back to the cover but to introduce the further qualification that the proviso was only to apply when there had been negligence in the design with the resulting defect in design.

The judge had no doubt that "defectively designed" was intended as a reference back and that the intention was that the insurers should not be liable for increased costs due to "defect in design", which was covered by the words "which is defectively designed".

He held he was not compelled by the Australian judgments to draw the distinction to which they pointed.

There was no basis for concluding that the words were intended as a reference back to the opening words.

The differences between the wording of proviso (iv) on the one hand and proviso (i) and the general words on the other, were too great to justify any such conclusion.

No tenable explanation of such differences was advanced. Nor was it demonstrated that unless so construed the commercial purpose of the insurance would be defeated.

There was no reason in the light of the changed wording of proviso (iv), which referred to the activity of design, to conclude that the intention was to exclude any increased costs due to redesigning even when the original fault in design was not negligent. There was at least some reason to conclude that the insurers' intention was to exclude such costs where the original fault in design was negligent.

On the basis of the wording used, the judge erred. The appeal should be allowed.

Lord Justice Butler Sloss and Lord Justice Mann agreed.

For Hitchins: Giles Wingate-Saul QC and Digby Jess (Peter Rickson & Partners).
For the insurers: Richard Aikens QC and Jonathan Hirst QC (Clyde & Co).

Rachel Davies
Barrister

MANAGEMENT

Property has been hard hit in today's straitened times. **Vanessa Houlder** and **Robert Rice** report on how different organisations coped

How Wiggins built a future for itself

As the property market continues to spiral into one of the steepest downturns ever seen in the UK, many debt-laden property companies are desperately seeking financial reconstructions.

One of the first companies to do this in the current downturn was Wiggins, a Docklands-based housebuilder and developer. It has survived, but the protracted, complex negotiations that led to its refinancing illustrate the predicament of developers and their banks.

Wiggins ran into trouble in late 1989, when the sale of a hotel it was building in the Isle of Dogs enterprise zone fell through. That left it over-extended and just a few months off a cash-flow crisis.

Before starting negotiations with its bank, Wiggins wanted to formulate proposals of its own. It called in a firm of lawyers, D J Freeman, which helped it grapple with the complexities of its financial and legal situation.

"It was like going through a maze that had only one route through it," according to Stephen Hayklan, the chairman. The inter-related nature of Wiggins' finances meant that the failure of the hotel project was jeopardising the whole group.

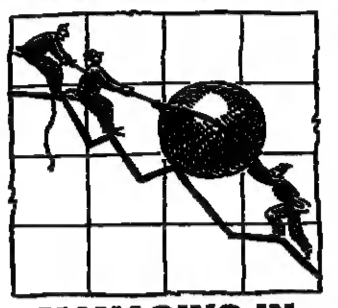
"Different banks held different forms of security, sometimes over the same assets and held different guarantees from other members of the group," says Jonathan Lewis, head of corporate restructuring at D J Freeman. "If any one demand were made and enforced, the whole group would collapse."

The aim of the restructuring was to protect the rest of the group from failure of the Docklands projects. It did this by "ringfencing" each development, putting it into a separate single purpose company to stand or fall by its own merits. To do this, it had to renegotiate all the parent company's guarantees, a move which had to overcome the banks' instinctive desire for as much security as possible.

Coopers & Lybrand, the accountants, were asked to scrutinise the proposals. "We provided them with our plans and said be as tough as you want on our projections and anticipations," says Hayklan.

Meanwhile, the directors tried to sell as much as they could. Geoffrey Lansbury, the managing director, tried to sell the hotel while Paul Lewellen, the finance director, worked on the business units. Hayklan's task was to sell the group's French property – and to fetch takeaways when the team was working late at night. "It was very fraught," he says. "Everybody forgot about their home life."

Construction work on a busi-



MANAGING IN RECESSION

ness unit complex in Docklands stopped but the rest of the group traded as normal. The group sold its projects in France, Spain and Florida, raising about £7m. The decision to sell sites, on which great hopes had been pinned, was not easy. "It was heart-breaking," says Hayklan. "But had we been greedy or emotional about it we probably would not have survived."

Wiggins met its banks in early March. Thirty people – the bankers, the syndicate's lawyers, Wiggins' lawyers and Coopers & Lybrand – sat around a symmetrically arranged square table. "It was very formal," recalls Lewis.

Wiggins presented its proposals and answered questions. Its directors and advisers then withdrew to an antechamber. Eventually they were invited to return, to be told that the syndicate needed more time for deliberation.

That was the start of several months of negotiations with the banks and contractors. The negotiations on the hotel were simplified by the fact that there was only one bank involved, Midland. On the business unit complex, however, it had to deal with a syndicate.

Even a small syndicate presents problems in a restructuring. Each bank is likely to take a different attitude, given the differences in their lending books and financial muscle. The involvement of overseas banks can be complicated because of longer internal reporting lines, response times and less flexible insolvency practices.

"The problems arose in trying to persuade banks with different cultures to think along the same lines," says Chris Day, a manager at Samuel Montagu which, as the agent, was responsible for co-ordinating the syndicate, reconciling difficulties and maintaining the timetable.

It was a long, slow process. At every twist and turn, the banks had to go back to their credit committees which would demand modifications; these would prove controversial and lead to more negotiations. "More than once the situation looked hopeless," says Lewis.

One low point was when South Quay Plaza, a large office development three doors down from Wiggins' office project, went into receivership. Another was when one of the overseas banks dropped out, disillusioned with the UK property market. Even though the bank took a co-operative stance and allowed its security to be diluted, its decision was a blow. "One of the unwritten rules of syndicated banking is together we stand or together we fall," says Ian Steer, a director at Samuel Montagu.

Wiggins and its lawyers were picking their way through a legal minefield. If there had been "no reasonable prospect" of avoiding collapse, the board would have been at risk of wrongful trading.

The directors would also be in breach of their duties if they preferred one creditor over another for anything but sound business reasons. "Just because someone is shouting at you for payment doesn't mean you pay them before someone who is more understanding of the situation," says Lewellen.

Transferring assets within the group was also hazardous, because every subsidiary is deemed to have a separate legal personality. Each deal had to be done on an arm's length basis and the new subsidiaries had to consider the obligations they were undertaking and their ability to honour them.

If a court considered that the directors had slipped up in any way, the sanctions could be serious – "a very real inducement to directors to be safe rather than brave," according to Lewis. The directors could be held personally liable and their conduct would automatically be the subject of a report by the liquidator to the Department of Trade and Industry. If there was any misconduct, the board members could be disqualified from acting as a director for as long as 15 years.

In addition to these risks, Wiggins had to face the possibility that negotiations would break down or an unsecured creditor might present a winding-up petition. As a contingency plan, Wiggins prepared to apply for an administration order.

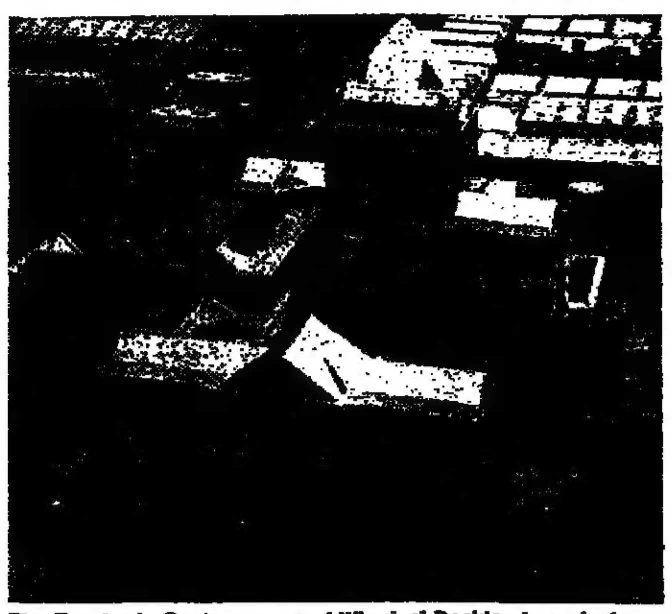
Over four months, they thrashed out a solution. "The banks accepted it was the best way forward," says Lewellen. "The exit route showed that they had a good chance of coming out with their loans intact over less than two years."

The syndicate put in an extra £36m, which more than doubled its exposure and Wimpey, the management contractor, agreed to defer £5m owing to it. The interest varied with the eventual profit on the development. In addition, Wimpey and Robert McAlpine, a 20 per cent shareholder, gave guarantees. Hayklan also stepped into the breach when there was a shortfall and personally guaranteed £500,000.

The hotel was refinanced on August 15 and sold in early November to Britannia Hotels, a Manchester-based group. Wiggins was unable to complete the construction as it had hoped, and the sale price was just £17.75m, resulting in a loss of £6m.

In September, the Docklands business unit complex, called the Eurotrade Centre, resumed construction. In November, Wiggins' auditors signed an unqualified report. The suspension of the shares, which took place on March 16, was lifted on December 11. "Your group, although bruised, lives to fight another day," Hayklan told Wiggins' shareholders in its annual report.

VH



The Eurotrade Centre – one of Wiggins' Docklands projects to be ringfenced – is now under construction

The dangers of making lawyers redundant

D J Freeman & Co, the firm of City solicitors which advised Wiggins, has itself fallen victim to the the property market recession.

For the second time since September, the firm, which is one of the top ten commercial property specialists, announced earlier this month that the current economic climate had forced it to make staff cuts. This time, two salaried partners and up to six equity partners, together with six assistant solicitors will be leaving.

Although D J Freeman appears to have been particularly badly affected by the property slump, other commercial law firms have not escaped either. Three other large City law firms, Richards Butler, McKenna & Co, and Titmus Sainer & Webb have all laid off property lawyers in the past six months. Other firms equally affected have taken the decision to carry excess capacity.

David Solomon, D J Freeman's chief executive, hopes the latest redundancies will be the last. There are signs, he says, that the property downturn may be plateauing with a number of foreign investors, particularly from Sweden, Japan and the US, beginning to show interest in the UK market again.

But on the surface D J Freeman appears to be guilty of adopting a rigid approach to its current problems. Income from property work is down so cutting costs by making property lawyers redundant is the answer; cut costs, profits up.

In the legal profession, however, such a short-term approach – particularly reducing the numbers of assistant solicitors – can be dangerous. The work of redundant senior assistants will have to be taken over by someone else, probably a partner, but may not support a partner's hourly rate.

A "succession gap" may open up as a consequence of removing people who would have formed the next generation of partners and when things pick up again good assistants may be hard to find. The firm may be tempted to promote people into partnership too early or may spend a period "under-partnered". All these factors can hold back growth and development.

A better approach is to weed out those solicitors who have already been promoted beyond their level of capability and those who, though competent at their present level, show no ability to rise to the next irrespective of the department they work in. An attempt should also be made to persuade good lawyers to be flexible about where they work. In other words, just because property work is down does not necessarily mean that property lawyers should be made redundant.

Solomon denies that D J Freeman has been guilty of such short-term thinking. Some hard decisions had to be taken and the firm has lost some good people, he says. But every attempt was made to persuade good lawyers to move sideways. Three property lawyers have moved into the litigation department. Others were offered a move to other departments but wanted to stay in property work and some were "not suitable" for transfer, he says.

McKenna and Richards Butler both attempted to find other work for their under-employed property lawyers. McKenna set out to lose 13 jobs in its property department. In the end only one para-legal was re-allocated elsewhere in the firm. Four of the 13 were interviewed for jobs in other departments and an offer was made to one assistant solicitor who in the end took a job as a property lawyer with another firm.

According to Stephen Whybrow, the firm's managing partner, there will be no more lay-offs at McKenna. "We took the view last summer that if the market continued to dip we were going to have too many people but if we were going to make people redundant we would do the whole thing in one go." That strategy appears to have worked: the property department is now on budget.

Not all commercial property lawyers share the same pessimistic view of the market. Earlier this month the property partners of City solicitors Birkbeck Montagu announced that they were splitting away from the firm to form their own boutique commercial property practice.

This looks like a brave move, but the new firm · Stepien, Lake, Gilbert & Paling – is not a start-up in the true sense of the word. It has inherited all Birkbeck Montagu's property clients and although its property work has declined by about 15 per cent over the past 18 months this nevertheless gives the new practice a solid base on which to build.

The decision to split the firm was taken last September. It arose from a difference of opinion on a strategy for growth. The property lawyers felt the firm should build a corporate practice on the back of a strong commercial property practice. The corporate/commercial lawyers felt the best way to become a corporate-led City law firm was to become bigger.

"We didn't see how Birkbeck Montagu could become bigger short of merger," says Tim Lake. (This is the 1990s and law firms mergers are "out".)

"Our philosophy was that we should concentrate on the areas where the firm had expertise, which was in commercial property and where the firm's big clients were, and build on that," he adds.

Can a small specialist commercial property firm survive in the current climate? Kaz Stepien, the senior partner, says smaller firms have more room to manoeuvre than the larger ones during a recession and have much greater scope for reducing overheads. Time will tell.

RR

هكذا من الأصل

[redacted]

A woman of veritable importance

F[redacted] (if [redacted] other) women in television have had [redacted] career [redacted] im[redacted] as Verity Lambert's. Brought on in the early 1960s by that great Canadian promoter of talent, Sydney Newman, when he was head of BBC Television's drama group, she had a lot to do with the creation of *Dr Who* and *Adam Adamant*. With London Weekend in the 70s she produced *Budgie*, and then as controller of drama at Thames in the 70s and 80s was responsible for *Rock Follies*, *Rumpole Of The Bailey*, *Edward and Mrs Simpson*, *The Naked Civil Servant* and several series of *Minder*.

Her time with EMI films was less impressive but since she set up her own company Cinema Verity (ho ho) in 1985 the familiar knack has been evident again. The comedy-detective series *Boys From The Bush* set in Australia is hers, as was *Coasting*, also a combination of crime and comedy. Now BBC2 is showing her *Sleepers*, a slick and amusing spy spoof with Nigel Havers and Warren Clarke as a couple of KGB agents, planted in British society in 1966, and now flourishing as stalwart native plants (Episode 2 tonight).

Miss Lambert is clearly a shrewd businesswoman as well as an astute producer. And yet . . . and yet . . . *Dr Who* was a radical departure in its day, as was *Budgie* in some respects, and it took courage to bring *The Naked Civil Servant* to the screen with its explicit [redacted] Quentin Crisp's [redacted] homosexuality; everybody including [redacted] had rejected it before Lambert accepted it. Would it be too much to ask now that she become a brave independent, taking a few similar risks to break some new ground? If she won't, who will?

* * *

The fashionable reaction to the interviewing of a politician on television does not change: the sneer is still *de rigueur*. After Sue Lawley's interview with John Major at 10 Downing Street there was much vying to see who could pour most cold water, much of it, admittedly, on Lawley: she had remarked on the absence of Iain Macleod from the Downing Street portraits yet, in the immortal words of Molesworth, any fule kno Macleod wasn't PM (she never said he was); she was chatty (wasn't that the idea?); she showed off her legs (they are very good legs); she looked insultingly relaxed (would it have been better [redacted] look tense?)

As for Mr "Ordinary" Major, his ear tugging, mouth covering and [redacted] crossing shrieked [redacted] deceit, and who could possibly believe a man who claimed not to remember how [redacted] O-levels he had passed? Any[redacted] who, like me, [redacted] the reactions [redacted] day before watching [redacted] the interview would have [redacted] ready for some impertinent sexpot rabbiting away to [redacted] phoney. Nothing [redacted] have been further from [redacted] truth. Lawley is [redacted] good at [redacted] of interview now that she has, it [redacted], fooled many onlook[redacted] into imagining they [redacted] easy. To [redacted] able to relax enough to reveal the true temperament of [redacted] interviewee, and [redacted] listen closely enough to switch questions in mid stream, takes not just confidence but practice. Lawley has lots of both.

As for Major he did, indeed, come across as extraordinarily ordinary for a prime minister, which is probably what irritates his detractors (why him, why not *me*?) but the interview was remarkably revealing. It was certainly [redacted] interesting than [redacted] which [redacted] determined [redacted] dish the dirt [redacted] rambled on about [redacted] supposed [redacted] meanour [redacted] registra[redacted] when Major [redacted] councillor [redacted] ago, [redacted] point [redacted] inclusion [redacted] which [redacted] the programme [redacted] on Major. I write as [redacted] wholly [redacted] *onlooker*, [redacted], *being* [redacted] of those who [redacted] remember [redacted] passed six, seven, or eight O-levels.

* * *

Last [redacted] column [redacted] that [redacted] *Of* [redacted] with [redacted] fashioned qualities [redacted] optimism and good humour and [redacted] murders, lawyers and policemen, would probably prove immensely popular: it would be [redacted] surprise if the [redacted] an audience [redacted] 10.5m and went up from there. In fact [redacted] 1 blasted past every other programme on the box to take No 1 slot in AGB's BARB ratings with an audience of 16.68m – above *Coronation Street*, above *EastEnders*, above *Neighbours*. Interesting what sunshine, a happy attitude, and David Jason in the lead role can do.

* * *

Stand by, then, for [redacted] couple more predictions: when [redacted] watching the Larkins in the [redacted] *Darling* [redacted] *Of May* they will switch, lickety split, [redacted] BBC1 [redacted] part [redacted] of Noel Coward one-act plays, [redacted] *At* [redacted] in the 1930s. These contain very [redacted] lawyers [redacted] policemen, no mur[redacted] I can see, and each one [redacted] Joan Collins who, though [redacted] female Olivier, [redacted] seem [redacted] up the ratings. [redacted] first in [redacted] series, "Hands Across The Sea," was astoundingly slight (about four good lines) but utterly *undemanding* and good humoured.

When these finish, many viewers will switch immediately to *Jeeves And Wooster* on ITV, the series based on P.G. Wodehouse's stories from the 1920s. In the opening episode of the new series the stout policeman fell in the duckpond and came up spouting water and holding a frog, and the judge was a blithering idiot. There were [redacted] murders and the sun shone. I think [redacted] predict even more big drama ratings for Sunday nights.

* * *

The more [redacted] is, and the larger the number of people drawn in as presenters, the [redacted] that it [redacted] abnormal strength of character to resist the pressure to become a "loveable exhibitionist" once it is known that *the camera likes your face* – and, more important, your manner. A.J.P. Taylor successfully withstood the trial, as the Saturday night repeats of his BBC history lectures from the 1970s are proving. [redacted] Moore, though willing to [redacted] around with [redacted] on chat shows, continues to present *The Sky At Night* in his utterly informal manner, sans Autocue, but without ever becoming an insufferable "personality."

Unhappily the same cannot be said of Keith Floyd. In his early cookery series he used his natural wit to compensate for a lack of television experience by developing a teasing relationship with the cameraman ("*Down here Clive, let the viewers see the chopping board*") and that was delightful while unforced and occasional. Now, in his new series about Australian food on BBC2, *Floyd On Oz*, he is showing saddening signs of turning into one of those boring telly eccentrics like Lucinda Lambton or Magnus Pyke, condemned to repeat his own matinee tricks ad infinitum. The scenery is good, his cooking continues to be admirably unfussy, and the programmes are still entertaining, but the charming spontaneity of the [redacted] programmes is in danger of being replaced by a studied mannerism.

* * *

The cumulative effect of "Banned", Channel 4's fascinating season of persecuted programmes and films, is bafflement and rage. By what right did anybody ever presume to prevent [redacted] seeing *Scum*, a drama directed by [redacted] Clarke from [redacted] script by [redacted] Minton, which gives [redacted] impression of [redacted] Darwinian [redacted] survival in [redacted] Her [redacted] Borstals? [redacted] word "impression": no doubt there are exaggerations, approximations, [redacted] misrepresenta[redacted] here, [redacted] *Monet*'s pictures, but in [redacted] cases [redacted] artifice [redacted] the [redacted] which endea[redacted] convey [redacted] greater truth.

[redacted] with [redacted] *II* (a [redacted] and expanded version by Nick Broomfield and [redacted] Churchill of [redacted] programme [redacted] police treatment [redacted] child [redacted] in Blackburn) [redacted] could [redacted] why [redacted] police had worked [redacted] hard [redacted] suppress the original. It clearly was [redacted] one-sided account. But perhaps just occasionally that is what an account ought to be if one *side is crying out for public* exposure because of its beastli[redacted] or wrong [redacted]. From the public point of view this dreadful situation should have been made general knowledge 15 years ago.

Christopher Dunkley

Nigel Havers and Warren Clarke in "Sleepers"

Opening concerts

SYMPHONY HALL, BIRMINGHAM

Simon Rattle and the City of Birmingham Symphony Orchestra took full possession of Symphony Hall on Monday. They played [redacted] one-work concerts – the complete Stravinsky *Firebird* at 7.30, and (with the CBSO Chorus) the complete Ravel *Daphnis* [redacted] 9.15 – *for* two different audiences; this [redacted] good, fair way of attempting to satisfy *overwhelming demand*.

Just now, Birmingham is in a state of high excitement about its new possession. In purely musical terms, I must insist that any flush of pride the city may be allowing itself is more than justified. Whatever one may feel about the look of the building – and I completely share Colin Amery's sense of disappointment as expressed in these columns on Monday – in the end it is only the sound of the music that really matters. (In fairness to the architects it should be noted that the seats are extremely comfortable, the sight-lines are excellent, the leg-room satisfies even a six-footer, and entrances and exits are quickly effected.)

The lucky critic who [redacted] both halves [redacted] Monday evening can confirm, temperately, [redacted] that Brummies are [redacted] doubt already shouting from the rooftops: in acoustical terms the new hall is a plain triumph. Listening from a central stalls seat to the *Firebird*, I thrilled to the music in a way I have not done since first getting to know it in early adolescence. Later on, listening from a seat at the back of the first circle to the *Daphnis*, I was able more calmly to list and admire the linked achievements of Russell Johnson and Artec, the hall's team of acousticians.

[redacted] sound of the orchestra seemed to possess ideal [redacted] depth, intimacy, and clarity across [redacted] wide range of pitches and dynamics: in both [redacted] – and [redacted] true miracle – [redacted] reached me [redacted] a physical presence naturally proportioned and positioned, with no lacks, gaps, artificial "gramophonic" adjustments, or *internal imbalances*.

In all the chamber-musical [redacted] the [redacted] the Stravinsky ballet (whispering low [redacted], single [redacted] strands, [redacted] faint [redacted]sion flickers and keyboard flut[redacted] softness of the playing [redacted] it always [redacted] be: [redacted] earshot and [redacted] the same time [redacted]tensely "real" and colourful. Similarly, [redacted] choral humming in [redacted] had an ideal degree [redacted]. In [redacted] played [redacted] *of both* [redacted] – [redacted] of two [redacted] *Gymnopedies* – [redacted] hushed delicacy [redacted] simply hypnotic.

Rattle: a golden [redacted]

Whereas in the Festival Hall even the most finely projected [redacted] playing tends to evaporate, [redacted] in the Barbican even the most carefully focused loud can so easily become clotted, the dynamic range of both these performances was [redacted] sustained marvel of corporate artistry given sufficient room and time to [redacted]. Rattle's *Daphnis* was here far more *spacious, more leisurely in* [redacted] unfolding, than [redacted] has been elsewhere; clearly, Symphony Hall – which has been intentionally influenced in its [redacted]tical planning by the sound-qualities [redacted] those auditoria (in Amsterdam and Berlin, inter alia) in which the CBSO has most enjoyed performing – [redacted] a place where [redacted] grandest musical constructions can [redacted] built up without need for hustling the [redacted].

The built-in variables [redacted] the auditorium [redacted] roof platform capable of being lowered [redacted] suit smaller forces, [redacted] extra resonance chambers that can [redacted] opened for the largest [redacted]binations) have still to be [redacted] before the public. Now one is keen to know how [redacted] concerto soloist will sound, a single singer, the organ, a group [redacted] "period" strings and winds. Many visits [redacted] Symphony Hall will be required [redacted] if there [redacted] indeed [redacted] limit [redacted] seemingly [redacted] possibilities.

But what [redacted] already clear, from [redacted] opening-night [redacted]riences, [redacted] that the musical life of Birmingham [redacted] received [redacted] unimaginable force; and [redacted] partnership of [redacted], *for long* [redacted] country's [redacted] exciting, is [redacted] of [redacted] golden [redacted].

Max Loppert

Dresden Staatskapelle

ROYAL FESTIVAL HALL

During his years with [redacted] London Philharmonic Bernard Haitink's Bruckner performances provided some [redacted] the most searching and exhilarating experiences concert life in the *capital* could *offer*. Now, with Haitink a rare guest on the South Bank, only Günter Wand's and Klaus [redacted] like the same [redacted]nerian [redacted]. Meanwhile Haitink's new cycle [redacted] the [redacted]phonies with [redacted] Vienna Philharmonic [redacted] provided evi[redacted] how [redacted] interpretations are still deepening, still maturing, [redacted] that [redacted] gloriously confirmed by his account of the Seventh with [redacted] den [redacted].

The Dresden orchestra is by any standards [redacted] priceless asset to a conductor of a late 19th-century symphony. The sound is [redacted] and well integrated, with fathomless depths of string [redacted] wind blending into [redacted] seamless chorus, that the music [redacted] acquire [redacted] patina. The finest Bruckner performances [redacted] to play [redacted] with [redacted] minimum [redacted] intervention, and the Staatskapelle's instinctive command of phrase length and paragraph shape goes a long way towards such an ideal.

With [redacted] less eloquent [redacted] doubtful that Haitink could [redacted] successfully unfolded the first [redacted] at [redacted] a leisurely [redacted] and made [redacted] much sense of its steadily changing perspecti[redacted], or built the [redacted]gio into such a radiant, serene hymn, while still pointing up [redacted] detail [redacted] expressive nuance. Even [redacted] the [redacted] imperious [redacted] while [redacted] *other*, *neglected* strands [redacted] argument – there is [redacted] dark quality, a [redacted]*rung*-like balefulness, that Haitink [redacted] to [redacted] – it brought the symphony home in utter certainty.

[redacted] Staatskapelle has its own idiosyncracies: the vibrato-laden, watery trumpets [redacted] definitely not to [redacted] taste, nor would [redacted] be everyone's ideal [redacted] a modern [redacted] orchestra. [redacted] Haitink began with the Haffner Symphony, giving it sprightly, alert rhythms [redacted] fining down the string [redacted] without [redacted] losing [redacted] bloom. [redacted] if the wind remained beefy, and the textures over-succulent, [redacted] was no lethargy or soupy phrasing: [redacted] big symphony orchestras [redacted] play [redacted] repertory with scarcely [redacted] the [redacted] period performance [redacted] this was certainly [redacted] approach.

Andrew Clements

Carmen Jones

OLD VIC

[redacted] go [redacted] an opera-lover to [redacted] *Jones* might seem to be *tempting* fate even more flagrantly than Carmen does herself. There is a belief, hopefully misplaced, that those who appreciate opera in its traditional form will be outraged by any adaptation, even one as successful as Oscar Hammerstein II's version of this favourite Bizet masterpiece.

The problem, though, generally lies with the adaptations. In recent years we have seen well-meaning attempts to cross the cultural barrier with *The Marriage of Figaro* and *Don Giovanni* (the former made it to the West End, briefly) but they remained apologies for the real thing, less well sung than an opera, not so much fun as a musical. *Carmen Jones* is not like them. It throws its inhibitions aside in the wings and takes the stage as if it owns it.

This London production opened last week and on Monday night introduced its second cast, the one with a "show-biz" element, rather than all opera singers. This brought us a brash and glamorous Carmen in Sharon Benson, a bit too [redacted] to [redacted] the [redacted] the show perhaps but full of life, and a touchingly plain and honest Joe in the operatic tenor Michael Austin. [redacted] has all the notes, while she struggles from time to time in the upper voice, but both know how to put the music across.

[redacted] for [redacted] they must thank [redacted] and Mr Hammerstein in just [redacted] equal [redacted]sure. In this [redacted] and story are transported to the Deep South in the dark days [redacted] World War II. [redacted] cigarette factory in [redacted] parachute factory, where [redacted] manual labour works to sustain the war effort over lazy, jazz-inspired choruses, while the lure of gypsy life in the mountains is replaced by the bright lights of Chicago. How well it all works, too, after updatings [redacted] opera-house, like Pountney's unconvincing [redacted] *Carmen* at ENO.

[redacted] world of Hammerstein's [redacted] America [redacted] an [redacted]tertaining milieu. There is a touching Cindy Lou from Karen Parks and the towering Gregg Baker, a fine baritone, is a natural for the heavyweight champion Husky Miller; but it is the wealth of fine performances in [redacted] smaller roles, mostly well directed by Simon Callow, that gives this musical its depth of character.

With Henry Lewis, a long-time expert in [redacted] *Carmen Jones* in charge in the pit, there was never any worry th[redacted] the music would fail to flare into life. It is not his fault that the last scene is so weak. Hammerstein, mindful no [redacted] stamina [redacted] singers, cut the last duet to the point where the music [redacted] remains can in no way carry the action, and the two lead players fatally let the drama slip through their fingers. Otherwise this is a fun show.

Richard Fairman

Top Girls

ROYAL COURT

On the one hand . . .; on the other . . . This is [redacted] superlative revival of Caryl Churchill's important 1982 play, which has gained new resonance in 1991; and one of its several [redacted] performances is haunting. [redacted] I can't accept it as the great play it has been, and is still being, called. It should be seen, applauded and argued about.

Both as theatre and as politics, *Top Girls* is exciting and irritating. [redacted] of [redacted] final scene, between [redacted] Thatcherite [redacted] and her socialist sister Joyce rings true as you listen. The terms in which the sisters argue [redacted] politics [redacted] dated. Here are the two nations of the 1980s: those who've got [redacted] and [redacted] who haven't. And, of course, Mar[redacted] now [redacted] a [redacted] prime minister when [redacted] says "I [redacted] believe in class."

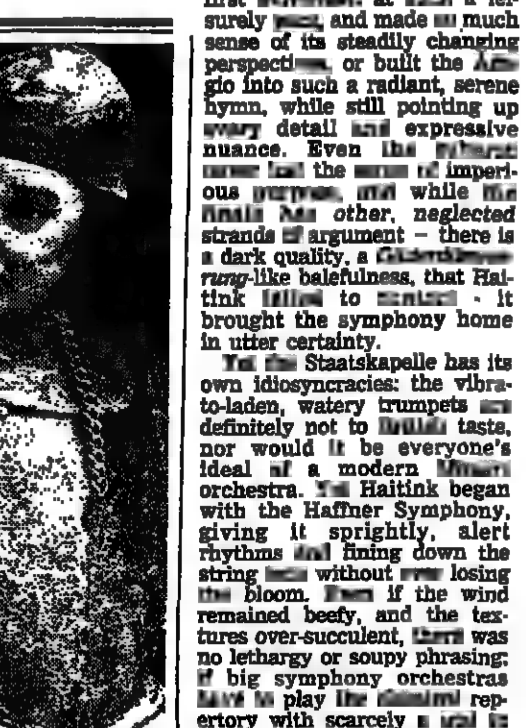
But the more evidently *Top* [redacted] a Point [redacted] View, [redacted] as [redacted] it is. How glibly, in [redacted] final [redacted], Churchill weights the dice against Marlene's Thatcherism. I resent theatre that weights the [redacted] that easily, [redacted] way. I think [redacted] *Top* [redacted] occasionally exemplifies the noisy slickness that it criticises.

Indeed, what makes the play so striking is its own ambition. The first scene will always be [redacted] startling feature, with Marlene celebrating her [redacted] directorship of the Top Girls appointments [redacted] by throwing [redacted] not-of-this-world dinner [redacted] five [redacted] women from history. The women, [redacted] different in [redacted] attitudes, are [redacted] miniature [redacted]. They drive you [redacted] the wall [redacted] talk [redacted] each [redacted], but they [redacted] hilariously [redacted] dilemma: who should an [redacted] model? [redacted] must [redacted]?

I [redacted] nothing but high, higher and highest praise for the seven actresses in this revival of Max Stafford-Clark's original production. Part of the play's [redacted] fun [redacted] in how brilliantly [redacted] of them [redacted] more dissimilar roles. Lesley Manville, who is the central figure [redacted], neatly captures her brittle ele[redacted] and ambition. Very fine [redacted] wry, defensive way [redacted] drink as things get [redacted] hand. Lesley Sharp [redacted] Dull [redacted] ("painted by Breugel") and Angie. [redacted] and half-comprehending emotion, now stolid, now inarticulate, [redacted] funny, poignant and viscerally exciting.

[redacted] all, though, is Deborah Findlay. The [redacted] brings [redacted] the Victorian explorer Isabella, suavely martyr-like, [redacted] the [redacted], conservative and domes[redacted] Mrs Kidd [redacted] remarkable. And [redacted] Joyce – like Sharp, [redacted] an uncannily perfect Suffolk [redacted] – she [redacted] exceptional. She [redacted] powerful countrywoman weightiness and [redacted] smouldering [redacted] stirring.

Alastair Macaulay



Alastair Muir

Lesley Sharp as Breugel's Dull Gret

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw [redacted] **Zaal** 20.15 [redacted] Chailly [redacted] Royal Concertgebouw Orchestra in Haydn's Symphony [redacted] 44 and [redacted] Lied [redacted] der Erde, with Jard van Nes and Siegfried Jerusalem, [redacted] tomorrow and Fri (6718 345)
Concertgebouw Kleine Zaal 20.15 Heinrich Schiff plays music for cello by Brahms and Hindemith. Tomorrow and Sat: Orlando Quartet ([redacted]718 345)
[redacted]**uziektheater** 20.00 Hartmut Haenchen conducts Johannes Schaaf's production of [redacted] Fledermaus, [redacted] Sat. Tomorrow, Fri and Sun: Nederlands [redacted] Theater (6255 [redacted])

■ BARCELONA

Gran Teatre [redacted] **Liceu** 21.00 [redacted] *Il campanello* and Leoncavallo's I Pagliacci, with Giuseppe Giacomini as Canio. Also Fri and [redacted] (412 1466)

■ BERLIN

[redacted] **Oper** 18.00 Ring um den Ring, four hours of Wagner's music choreographed [redacted] Maurice Béjart, [redacted] Fri [redacted] (3410 [redacted]) [redacted] **unter den Linden** [redacted] Fabio Luisi [redacted]. Tomorrow: Die lustigen [redacted] von [redacted]. [redacted] Meistersinger. Sun: Trovatore (2004 [redacted])
Komische Oper 19.00 Rolf [redacted] Harry Kupfer's production of Don Giovanni [redacted] Roger [redacted] in title role. Tomorrow: [redacted] Fri: [redacted] fan [redacted] Der Freischütz (2292 555)
Schauspielhaus 20.00 Jiri Kout [redacted] Oper in music by Hindemith and Dvorak, with Philippe Entremont [redacted] in [redacted] Piano [redacted] 20 (3410 249). Tomorrow: Poznan [redacted] Choir (2272 122)
Philharmonie Kammermusiksaal 20.00 Ensemble Wien-Berlin plays music by Danzi, Mozart, Berio [redacted] *Hindemith. Tomorrow:* [redacted] Quartet. Fri: [redacted] by Frank [redacted] Zimmermann. [redacted] Sun: Murray Perahia plays Mozart 2614 383)

■ FRANKFURT

Alte Oper 20.00 Recital by Claudio Arrau. Tomorrow: Celibidache [redacted] the Munich Philharmonic. Sat: Barbara Hendricks [redacted] (1340 400)
Opernhaus 19.30 Marcello [redacted] Wolfgang Weber's new production of Die Zauberflöte. Fri and Sun: William [redacted] sings [redacted] role in Les [redacted] d'Hoffmann (236061)

■ GENEVA

Victoria Hall 20.30 Armin Jordan conducts Schumann's [redacted] from Faust, with Edith Wiens, Luba Orgonasova, Wolfgang Holzmair, [redacted] Cachemaille and [redacted] soloists. Repeated [redacted] in Lausanne [redacted])

■ THE HAGUE

Dr [redacted] **Philipszaal** [redacted] Ton Koopman [redacted] Baroque [redacted] in [redacted] symphonies. Tomorrow, Sat and Sun: [redacted]

■ LONDON

MUSIC

[redacted] 19.30 David Atherton conducts Tim Albery's new production of Peter Grimes, [redacted] Philip Langridge [redacted] title role [redacted] Janice [redacted] as Ellen, [redacted] Tomorrow: [redacted] Giovanni. Fri: Salome (836 3161)
Queen Elizabeth Hall 19.45 Gennadi Rozhdestvensky conducts London Sinfonietta in world premiere [redacted] Jacob's Ladder [redacted] Dmitri Smirnov, plus music by other contemporary Soviet composers. Tomorrow: Dohnanyi conducts LPO (Festival Hall), and Rodney Friend Trio plays piano [redacted] by Shostakovich, Ravel and Tchaikovsky (928 8800)
Barbican Centre 19.45 Francesco d'Avalos [redacted] Philharmonia Orchestra in music by Brahms, [redacted] Piano Concerto with [redacted] (638 8891)

THEATRE

This [redacted] shows include Matador, new musical about the [redacted] El Nino [redacted] Spain's greatest matador, starring Stephanie [redacted] (Queens), Bill Alexander's RSC production of Much [redacted] About Nothing (Barbican), a final chance to see Ian McKellen's award-winning performance [redacted] Richard III (National) and October's Children, [redacted] about [redacted] plight of children [redacted] the 1917 [redacted] revolution, performed by [redacted] (Sadler's Wells). [redacted] Theatreline: [redacted] 0836 [redacted] 0836 [redacted] 0836 430961 Thrillers [redacted] 430962

■ NEW YORK

MUSIC

[redacted] **Tully Hall** [redacted] Guarneri String quartet [redacted] Andre-Michel [redacted] play music by Mozart, Beethoven [redacted]. Tomorrow: [redacted] sings Die [redacted] Müllerin. Sat: [redacted] Quartet (874 2424)
Metropolitan Opera 20.00 Placido Domingo conducts [redacted] with Giovanna [redacted] in title role, Neil [redacted] as Scarpia, also [redacted] Tomorrow and Fri: [redacted] performances this [redacted] I Puritani and Luisa Miller (362 6000)

THEATRE

This [redacted] shows include Andrew Lloyd Webber's musical Cats, with a first-rate American [redacted] directed by Trevor Nunn (Winter Garden), [redacted] Degrees [redacted] Separation, [redacted] Guare's play about a mugging victim [redacted] refuge [redacted] an elegant Manhattan dinner party (Vivian Beaumont), [redacted] Hotel: The Musical, [redacted] well-cast production directed and choreographed [redacted] Tommy Tune (Martin Beck) and [redacted] on [redacted] Island, musical [redacted] in the [redacted] about [redacted] peasant girl's passion for the son of a wealthy landowner (Booth).

Ticketron (246 0102) answers inquiries [redacted] sells [redacted]

■ PARIS

[redacted] **Bastille** [redacted] Philippe Auguin [redacted] Robert Carsen's production [redacted] Lescaut, with Diana [redacted] in title [redacted] Moldoveanu as [redacted] Grieux. Runs till [redacted] 4, [redacted] performances Fri and [redacted] (4001 1616)
TMP-Châtelet 19.00 [redacted] Torleif Thedeen, [redacted] Rostropovich competitions. Tomorrow: Mario Brunello, Tchaikovsky [redacted] prizewinner. Fri: Rattle [redacted] (4028 2840)
Opéra Comique [redacted] La [redacted] Urgele, musical entertainment with [redacted] by [redacted] (1710-92) and music by Egidio Romoaldo Duni (1708-75), featuring [redacted] Florissants. Runs until [redacted] Tues (4286 8883)
Salle Pleyel 20.30 Semyon Bychkov conducts Orchestre [redacted] Paris in [redacted] theme [redacted] Paris 1920, including [redacted] Biches [redacted] Milhaud's Le Boeuf sur [redacted]. Repeated tomorrow (4563 0796)
Théâtre de [redacted] **Ville** [redacted] La La La Human Steps, new [redacted] by Canadian choreographer Edouard Lock. Runs till Sat (4274 2277)

■ ROME

[redacted] **dell'Opera** [redacted] Jan Latham-Koenig conducts Lyon production of Poulenc's Dialogues [redacted] *Carmelites*, [redacted] *Fri* [redacted] *Sun*. Tomorrow: Il [redacted] (463641)

■ VIENNA

Staatsoper [redacted] Horst Stein conducts Ariadne auf [redacted] with Trudeliese Schmidt as the Composer. Tomorrow: [redacted] and Pag. Fri: [redacted]. [redacted] new production of [redacted] ferne Klang (51444 2960)
Musikverein [redacted] by Tzimon [redacted]. Tomorrow: piano [redacted] Grigori [redacted]. Fri: Ulf Schirmer [redacted] Austrian [redacted] Symphony [redacted] piano [redacted] by [redacted] Vladar (505 8190)
[redacted] **Saal** [redacted] Georges [redacted] Vienna Symphony [redacted] in Dvorak's [redacted] Mater, with [redacted] Gabriela [redacted] Marjana Lipovsek, [redacted] and Anton Scharinger, [redacted] tomorrow (7124 6860)
Konzerthaus Schubert-Saal [redacted] Hans Kann plays piano music by [redacted] (7124 6860)

■ ZURICH

Opernhaus 19.30 Ballet programme with choreography by Uwe [redacted] and Pierre Wyss, also Fri [redacted] Sun. Tomorrow: Ferdinand Leitner [redacted] Yevgeny Onegin. Saturday: Entführung (251 0909)

Tonhalle 20.15 Mario di Bonaventura [redacted] Tonhalle [redacted] in Berwald's Symphonie singuliere, plus Brahms' First Piano [redacted] with [redacted] Oppitz, [redacted] Fri. Sun: Haitink conducts Dresden Staatskapelle (201 1580).
Tomorrow in Spirgarten Altstetten: Edmond de Stoutz conducts Zurich *Chamber* [redacted] *in* [redacted] by Frank Martin, Bach and Mozart (252 1737)

Schauspielhaus This [redacted] repertory includes Dürrenmatt's The [redacted] and Franz and Paul von Schonthan's [redacted] The Rape [redacted] Women (251 1111)

European Cable and Satellite Business TV

(all [redacted] CET)

[redacted] TO FRIDAY

Eurosport
0600-0630 International Business report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
[redacted] Market [redacted]
1330-1400 [redacted] Day
[redacted] World Business Today - a joint FT/CNN pro[redacted] with a [redacted] of [redacted] day's major [redacted]
2300-2330 [redacted] Business Today
[redacted] Moneyline
Superchannel
0700-0830 Financial Times [redacted]
A [redacted] minute [redacted] briefing [redacted] three [redacted] 0700 and [redacted] 2130 [redacted] 2320 (Wed only) and 0830 (Thurs only) Financial Times [redacted] Weekly

SATURDAY

CNN
[redacted] Moneyline
0900-0930 [redacted] Business Today - a joint FT/CNN pro[redacted]
[redacted] Moneyweek
1900-1930 [redacted] Business This Week
[redacted] Your Money

SUNDAY

Superchannel
1800-1830 FT Business Weekly
CNN
0710-0740 [redacted]
1540-1610 Your Money
1900-1940 Moneyweek
[redacted]

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Wednesday April 17 1991

Europe needs free trade

YESTERDAY'S report on European Community trade policy by the General Agreement on Tariffs [redacted] is refreshingly robust. Though [redacted] will be surprised by the thrust of the report's criticisms of the EC, it can only [redacted] healthy for the trading [redacted] that they should be brought into the open.

On the positive side, [redacted] Gatt is right to point out that the EC [redacted] so far resisted the temptation to build a trade fortress round its single market. Tariffs are relatively [redacted] in the Community [redacted] countries [redacted] share, through trade, in the benefits created by its internal liberalisation.

Yet the [redacted] misgivings [redacted] policy are [redacted] valid. They [redacted] all the more seriously given the fragility of the trading system following last year's failure to [redacted] the Uruguay Round on time, [redacted] which the EC contributed [redacted] much.

The EC does, [redacted] complains, [redacted] from a tendency [redacted] respond [redacted] particular trade problems with targeted bilateral solutions – abuse of [redacted] anti-dumping rules, for example, or [redacted] voluntary [redacted] arrangements. It [redacted] operate a complex web of discriminatory preferential arrangements with the European Free Trade Association, [redacted] and developing [redacted].

The [redacted] reply [redacted] still a large importer, even [redacted] heavily [redacted] products [redacted] as farm goods, [redacted], textiles, [redacted] is lame. Nor is [redacted] excuse to defend one's own barriers on [redacted] grounds [redacted] others [redacted].

The true [redacted] underlying [redacted] report is [redacted] a culture of protectionism [redacted] work in [redacted] EC. Whatever [redacted] record on [redacted] Europe until now, [redacted] is a danger that [redacted] culture will come [redacted] dominate as the Uruguay Round [redacted] more difficult.

Increased protection

Already, there are unpleasant [redacted] protection gaining ground. After a period of apparent restraint, the Com[redacted] is reappearing in calculating dumping margins on video cassettes and tapes. [redacted] number of dumping cases in the pipeline [redacted] swollen, while the granting [redacted] such procedural [redacted] of protection remains too obscure in both [redacted] underlying [redacted] and its results.

To [redacted] the EC has [redacted] baulked at opening up its borders [redacted] products, textiles and [redacted] from [redacted] market economies [redacted] Europe. There could scarcely [redacted] way of undermining the political reforms so earnestly sought by the [redacted] for more than four [redacted].

Higher stakes

When its country reviews [redacted] launched two [redacted] ago, the [redacted] trumpeted them as means of exerting pressure against the worst protectionist [redacted] of its members. Until now the [redacted] timidity [redacted] the weapon [redacted] ineffective. [redacted] suddenly more outspoken style reflects [redacted] where the [redacted] have grown immeasurably higher.

[redacted] hopes in [redacted] and other European capitals [redacted] the Uruguay [redacted] can [redacted] wrapped up [redacted] are [redacted] just hopes. There [redacted] yet no sign [redacted] through on farm subsidies, something that only [redacted] EC can provide. The [redacted] EC could [redacted] would be [redacted] willingness [redacted] farming. This would produce the [redacted] vicious cycle [redacted] and retaliation [redacted] the Uruguay Round was supposed [redacted] prevent, rendering [redacted] completing [redacted] talks [redacted] more remote.

There is a striking contrast between the push for internal liberalisation of Europe's markets and the way its industries prefer to cling to external barriers. The external walls must be broken down too to secure the full benefit of the single market.

Europe must stop looking to the practices of others as justification for its own shortcomings and start to fight the rot from within. It can start by improving its farm offer in the Gatt, by eliminating barriers to imports from eastern Europe and by increasing its determination to resist the cries of its protectionist lobbies.

The recycled Labour party

THE LABOUR party's [redacted] policy document [redacted] many flaws, but [redacted] likely appeal [redacted] the electorate [redacted] not be underestimated. Only [redacted] with long memories will equate [redacted] alluring phrase "to build a world-class economy", with the "[redacted] heat of the technological revolution" as promised but not delivered by [redacted] Mr Harold Wilson in 1964. [redacted] principal means of achieving the freshly-stated objective [redacted] to be further investment in education and training, although Labour [redacted] surrounded that strategy with a plethora of [redacted] proposals, some [redacted] particular interest [redacted] such as pensioners, and [redacted] intended to demonstrate the party's green or [redacted] credentials.

To complete [redacted] package [redacted] a range of [redacted] tional proposals, from the establishment of a Scottish assembly and regional authorities [redacted] a "new charter of rights" and a freedom of information act. London will [redacted] local authority. [redacted] proposals fall a long way short of constituting a restraint on the powers of [redacted]. This is hardly surprising, [redacted] both the Labour [redacted], Mr [redacted] Kinnock, [redacted] his deputy, Mr Roy Hattersley, plainly intend to exercise as much central authority as any previous government.

Apparent miracle

There is, however, a little something [redacted] everyone. More on health, more on pensions, more on [redacted] – all are promised. This miracle is apparently [redacted] without falling into the trap of profligate spending. The constraints of Britain's membership of the exchange rate mechanism are recognised. Although public [redacted] ment must "have a higher claim than [redacted] cuts", the document is peppered with [redacted] of prudent fiscal [redacted]. The Budget and the annual expenditure plans will be [redacted] into a single [redacted] ment. [redacted] will be taxed on a rising scale from 20 per cent [redacted] per cent, while the ceiling on national insurance [redacted] butions will be abolished – although this [redacted] impost will [redacted] as it was in [redacted] documents.

Many questions arise. The Heseltinian formula for a "partnership with industry" [redacted] carefully circumscribed, but it [redacted] where partnership [redacted] old-fashioned interventionism begins. The national minimum [redacted] hardly [redacted] employment. The array of new quangos – from "Skills UK" to the proposed "National Investment Bank" – [redacted] daunting.

Union practice

The promised reforms of trade union legislation [redacted] reflect [redacted] practice, but how would a Labour government stand up to a challenge on pay initiated by, say, Nalgo or Nupe? For all its moves towards the centre ground of politics, Labour remains the party of [redacted] authorities, new regulations, [redacted] or charges and a halt to privatisation.

Yet the Conservatives are in no position to deride any of this. They are still struggling to divest themselves of the poll tax, let alone produce a credible post-Thatcher manifesto. Some of their ideas are derived from the opposition's proposals, most notably the contemporary favourite known as "contractualisation".

This means using individual contracts to govern the relationship between customers of public services and the providing agencies. Under Mr John Major's guidance Tory ministers are as effusive as Labour about the need to improve health, education and other services, but, "contractualisation" apart, they are unconvin[redacted] can be done from within.

Indeed [redacted] chancellor, Mr Norman Lamont, goes further. In [redacted] speech to the Adam Smith Institute last week he repeated the Tory pledge to reduce the basic rate of income tax to 20p as a "firm objective for the medium [redacted]" and [redacted] that "we [redacted] believe that the solution to the undoubted problems of the public sector lies in ever more public spending". During the [redacted] campaign a reasonable question [redacted] Labour [redacted] will be, if that [redacted] how will the Conservatives further improve education, health and [redacted] of public infrastructure?

John Gapper examines the changing climate of pay bargaining in Britain

Mixed signals on the wages front

All is not well [redacted] Gates Rubber Company [redacted]. The recession in Britain has depressed sales of Welling[redacted] and carpet underlay. [redacted] ers at [redacted] plant [redacted] an overtime ban [redacted] after [redacted] company delayed April [redacted] negotiations until at least July. "They have had a [redacted] and they [redacted] with us in the bad times," says Mr George McGauchie, president [redacted] GMB general union branch.

The discord [redacted] is a [redacted] the sudden change in the UK pay climate. [redacted] uniformity [redacted] private sector deals [redacted] the end of last year has [redacted] under [redacted] pressures of recession, combined with entry in the exchange [redacted] mechanism of [redacted] European Monetary System. Many companies are offering [redacted] the "going rate" [redacted] and [redacted] per cent. Pay [redacted] industries: Trusthouse [redacted] hotels, [redacted] Guardian newspaper, [redacted] haulage companies, and International [redacted].

This [redacted] mood [redacted] prompted some hope [redacted] reforms [redacted] the British labour market in [redacted] have [redacted] it to respond [redacted] rapidly [redacted] shocks. [redacted] of British Industry [redacted] believe [redacted] responded to their call [redacted] the link [redacted] the [redacted] of inflation; [redacted] spoken with approval of [redacted].

"The CBI [redacted] a distinct [redacted] pay bargainers [redacted] year. Manufacturing [redacted] aged 8.3 per cent in the first quarter [redacted], compared [redacted] 8.9 in the last quarter of 1990. "With inflation turning [redacted] thinner, [redacted] downward pressures on [redacted] have been growing rapidly," [redacted] Mr [redacted] Gilbert, the CBI's deputy [redacted] of employment [redacted].

Some unions are feeling a chiller wind. The Amalgamated Engineering Union represents many of the skilled manual [redacted] the overheating of the [redacted] labour market [redacted]. Mr Gavin Laird, [redacted] general secretary, [redacted] reported to the union in the past few week have been [redacted] 7 or [redacted] per cent. "Once unemployment rises, pay aspirations are overtaken by [redacted] of job [redacted]. That's the [redacted] policy we've always [redacted] with," he [redacted].

Some [redacted] about containing [redacted] for profitability of not doing [redacted] 5 per cent [redacted] West Midlands engineering companies [redacted] provoking industrial action, in the last sounding taken by [redacted] Engineering Employers' Federation. "People [redacted] that [redacted] economy [redacted]. They might rattle [redacted] a bit, but they are not going to go over the top," says Mr Cedric Thomas, the regional EEF [redacted].

As constraints on raising prices [redacted] grown [redacted] of the recession, [redacted] looked for [redacted] of offsetting pay increases by other reductions in labour costs. Retailers have cut working hours, and manufacturing companies have tried to raise productivity. W H Smith, the retail chain, raised the wages of 10,000 staff by 8.3 per cent in February; at the same time it agreed a temporary 4 per cent cut in working hours to keep [redacted] pay bill increase down to [redacted] per cent during the recession.

There has also been evidence of the discretionary element in pay through [redacted] rises being [redacted]. Woolworth [redacted] for [redacted] completing training courses [redacted] month. Together [redacted] hours cuts and a fall in [redacted] working, this has already sharply cut the customary "drift" in earnings above the level of [redacted] settlements. The example of W H [redacted] be followed elsewhere, leading [redacted] a national [redacted] ings' rises to be below basic pay settlements.

But despite [redacted] signs that some employers [redacted] changing their [redacted] strategy markedly, [redacted] that [redacted] parts of the [redacted] labour market are behaving [redacted] the same as ever. Pay bargaining early [redacted] year is remarkably similar to that 10 [redacted] during [redacted].

The [redacted] (IDS) pay [redacted] reported in January [redacted] were dropping [redacted] 5 and 10 per [redacted] fell. Four [redacted] engineering [redacted] imposed [redacted] pay talks had been delayed [redacted] four months at another rubber processing plant, Avon [redacted].

Mr Alastair [redacted] of IDS [redacted] pay settlements [redacted] far [redacted] year [redacted] no decisive break with the past. [redacted] spread [redacted] a uniformly [redacted] level. Most during February and March were [redacted] than 8 per cent, [redacted] the proportion worth above 10 per cent fell to [redacted] than a third. There are [redacted] high pay deals in the public sector, in [redacted] even in manufacturing where companies are negotiating changes in working practices.

The public [redacted] catching up [redacted] private sector [redacted] comparability [redacted] – based on private sector [redacted] – take [redacted]. Although [redacted] service groups [redacted] pay bargaining [redacted] being offered settlements [redacted] 7.9 per cent, [redacted] have been rises of up to 14.6 per [redacted] for [redacted] Service ancillaries. Pay offers to more than 300,000 civil [redacted] provide for [redacted] of between 7.6 and 7.8 per cent from April 1 in a month when [redacted] is expected [redacted] fall to below [redacted] per cent.

[redacted] second [redacted] of pay lag can be seen in the private retail sector, where companies are still settling [redacted] high levels because of job evaluation studies carried out [redacted] protect companies from equal pay claims from women [redacted]. This is proving expensive for [redacted] employers. The supermarket chain Tesco agreed [redacted] pay deal worth between 13 and 14 per cent in February; rises of up to 17.7 per [redacted] given [redacted] the female-dominated jobs [redacted] sales assistant and till operator.

This is [redacted] reason why [redacted] clampdown has been less [redacted] in the service [redacted] than in manufacturing this year. Mr Bill Connor, deputy general-secretary of the shopworkers' union Usdaw, [redacted] less daunted by the recession than Mr Laird. "I would not [redacted] we are ecstatic, but we are quietly pleased at the level of [redacted] far this year," he says. Although deals have been [redacted] retailing, he says [redacted] union is "not disheartened yet".

Nor have manufacturing companies abandoned the [redacted] habit of giving big pay rises in return for changes in working practices which will raise productivity. Imperial Chemical Industries [redacted] month offered its 23,000 manual workers [redacted] per [redacted] basic pay over [redacted] for agreeing flexible working. Lever Brothers, [redacted] detergents subsidiary [redacted] Unilever, has offered workers [redacted] per [redacted] rise in exchange for wide-ranging changes in working practices.

Perhaps [redacted] biggest uncertainty [redacted] by [redacted] holding down of [redacted] private [redacted] is [redacted] it will create for the future. The staging of pay [redacted] reduce the overall [redacted] bill [redacted] year will in turn add [redacted] year's costs. Michelin offered workers at [redacted] Stoke-on-Trent tyre plant [redacted] per [redacted] rise last month after imposing a pay pause at [redacted] the year. Similar pay clampdowns in [redacted] recession led inexorably to catch-up rises later on.

All this suggests that economic pressures may have fractured many [redacted] the conventional approaches to [redacted] bargaining [redacted] without [redacted] lishing a coherent reform. Some work[redacted] have been forced to accept lower [redacted] by [redacted] of unemployment [redacted] pressures on companies. They are likely to be storing up demands for the future. Other employees are emerging from recession [redacted] relatively little difficulty because their employers are profitable [redacted] still rare.

The [redacted] for employers such as [redacted] Rubber Company may come later this year if recession [redacted] inflation falls. The demands of exchange rate stability inside the EMS [redacted] increases [redacted] below [redacted] per cent. If the engine [redacted] growth in the British [redacted] has [redacted] into a lower gear after this year's shocks, they [redacted] do so. If the engine has only stalled for a time, there will be another acceleration to face.

The cost of curbing inflation

Even though [redacted] been a slowing in the rate [redacted] wage [redacted] this [redacted], UK unemployment [redacted] and is likely to reach 2.5m [redacted] in the year. Most forecasters believe [redacted] inflation will stay above 8 per cent for the [redacted] retail inflation of [redacted] 8 per cent.

The labour market is unlikely to respond to recession fast enough to prevent unemployment rising.

After a decade of official hostility to any form of central pay policy, and constant calls from ministers for [redacted] bargains [redacted] be devolved to company level, Mr John Major's government last month showed the first hint of a change of tack. His policy unit invited the Campaign for Work lobby group to explain its support for national pay co-ordination.

Although the [redacted] was cancelled when it became public, it was a [redacted] government [redacted] in pay [redacted]. Its supporters [redacted] that countries such as [redacted], Germany and [redacted] have gained from an [redacted] discussion of the affordable level of pay [redacted] involving employers, [redacted] and government. This has [redacted] them [redacted] in unemployment and [redacted] inflation under control without statutory wage limits.

[redacted] Robinson, a consultant to the Campaign for Work, [redacted] that the fragmentation of [redacted] pay bargaining has prevented the British economy reacting [redacted] best manner [redacted]. "The fall in wage rises [redacted] far has been bought at a cost of 10 per [redacted] unemployment, [redacted] that will [redacted] be enough," he [redacted]. "If inflation [redacted] to go down further, it will need unemployment [redacted] 12 [redacted] 13 per cent, [redacted] the experience [redacted] France is [redacted] will become a permanent [redacted]."

UK support for [redacted] co-ordination has emphasised the [redacted] play in establishing a pay norm [redacted] with low unemployment. In [redacted] of this [redacted] wage control, [redacted] has been more [redacted] from unions and [redacted] party than from employers or [redacted].

[redacted] prime backer [redacted] been Mr John [redacted], leader of the GMB general union, who last year gained limited support for the idea from the Trades Union Congress. [redacted] grown [redacted] the TUC from an alliance of left-wing union suspicious [redacted] incomes policy, and right-led craft unions organising in manufacturing. The latter group [redacted] tion will [redacted] the low-paid [redacted] the [redacted] of skilled [redacted].

[redacted] Labour party [redacted] publicly from the [redacted] controls, but supports the idea of a "[redacted]" [redacted] year before [redacted] bargaining. Mr Edmonds [redacted] the idea [redacted] means of delivering higher real [redacted] rather than battling for [redacted] which are [redacted] by price [redacted]. "It is [redacted] with the relation [redacted] wages [redacted] inflation. It [redacted] a means of getting [redacted] real increases," he [redacted].

The [redacted] of British Industry [redacted] suspicious of the idea, seeing echoes of the ineffective pay restraint agreements of the early [redacted]. It [redacted] individual companies to [redacted] increases on what they [redacted] afford. It seems unlikely to gain convincing backing from the TUC [redacted] year. "It [redacted] another good [redacted] which could help [redacted] economy, but [redacted] end up withering on the vine through [redacted] support," [redacted] Mr Edmonds.

OBSERVER

Royal coo is Gamble

■ Royal Insurance's decision to appoint a chief operating officer may not seem the most earth-shattering event. [redacted] it is yet [redacted] that [redacted] of the [redacted] the UK composites is finally trying to put its house in [redacted] someone else [redacted] assistance.

The shiny new "coo" title goes to Richard Gamble, the 51-year-old finance director, and although the other executive directors will continue to report direct to Ian Rushton, the chief executive, Gamble [redacted] man to watch.

Not only is Rushton, at 59, within three years of retirement, but he will soon be giving a good deal of time to the Association of British [redacted] – he starts a two-year term as chairman in July. So Gamble will be responsible for seeing that Royal delivers on its much vaunted "improvement programmes", which probably means it will have to recruit another finance director.

The new coo is one of the growing breed of wandering financial managers, having passed through [redacted] Lambert, Data 100, McDonnell Douglas, and British [redacted] where he served under Gordon Dunlop, one of Commercial Union's less successful chief [redacted]. Like him, Gamble is a chartered accountant, and similarly caused some surprise in an inbred industry when he was brought in from outside in 1986.

There, however, the similarities end. As Royal's first finance director in 1986, Gamble is regarded as one of those competent money managers who thinks there is not much difference between an insurance company and an airline when it comes to running them. What counts is customer-service and squeezing the cost base.

Having leapfrogged 50-year-old Robin Rowland, [redacted] Royal [redacted] obvious [redacted] apparent, provided he makes a success of his new job. But as neighbouring Midland Bank has proved [redacted], bringing in [redacted] and giving [redacted] fancy new titles is the easy [redacted].

Diplomacy

■ Students of international financial protocol are puzzling over the fact that Wim Kok, the Dutch finance minister, has been chairing the various meetings of Jacques [redacted] European Bank for Reconstruction and Development this week.

Is this the work of a sensi[redacted] diplomat, [redacted] someone wanting to underline a point? [redacted] main rival for the coveted EBRD presidency was another Dutch [redacted] minister, [redacted] Ruding.

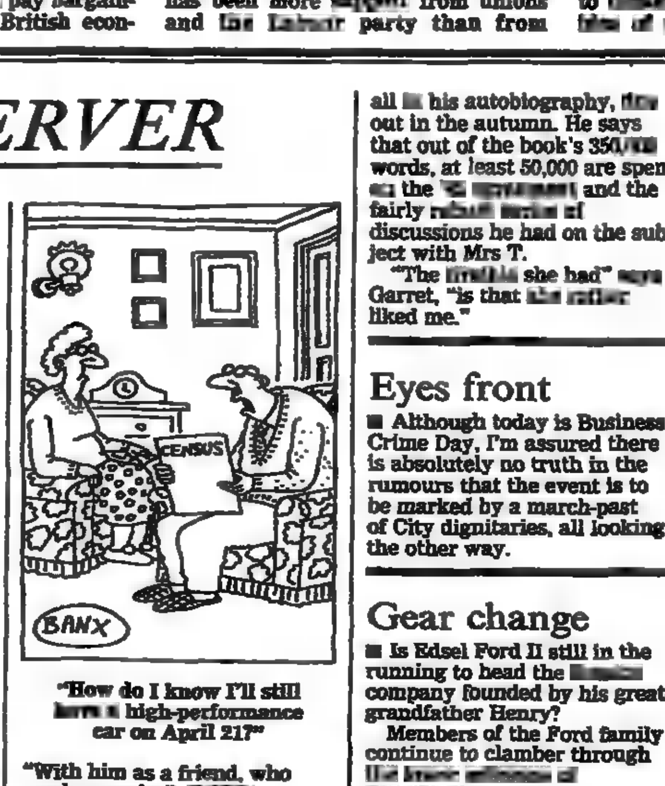
Abrasive

■ He may not rate as high as Kitty Kelley for tittle-tattle but Kjell-Olof Feldt, Sweden's former finance minister, is [redacted] the country's placid public life with his newly published memoirs.

He was one of the country's few political heavyweights before resigning in angry despair 14 months ago on failing to convince party colleagues of what he felt was needed to revive the economy. Now his bitterness has erupted in a book that will do nothing to help his party's already hopeless chances in September's general election.

Sweden has known nothing like it. When its politicians produce memoirs, they are usually produce bland and boring. Moreover, the Social Democrats used to pride themselves on loyalty and discretion.

[redacted] is different; writing of his main party opponent, [redacted]



"How do I know I'll still [redacted] a high-performance car on April 21?"

"With him as a friend, who needs enemies". [redacted] comrades may well say the same of him as they assess the damage his book will do to their party's prospects.

Abrasive on the Denis Healey pattern, [redacted] likens [redacted] efforts to win wage-restraint from Sweden's powerful unions to Healey's thankless toil in UK Labour governments a decade before.

As it happens, Feldt was a visitor to Labour's rumbustious 1980 party conference and witnessed the events that led to the breakaway of the Social Democrat "gang of four".

Softy

■ [redacted] tough was it negotiating with Mrs Thatcher? Former Irish Prime Minister Garret Fitzgerald should know, having spent many hours with the dame of Dulwich discussing, among other things, the 1985 Anglo-Irish Agreement.

Garret promises [redacted] all [redacted] his autobiography, [redacted] out in the autumn. He says that out of the book's 350,[redacted] words, at least 50,000 are spent on the [redacted] and the fairly [redacted] of discussions he had on the subject with Mrs T.

"The [redacted] she had" [redacted] Garret, "is that [redacted] liked me."

Eyes front

■ Although today is Business Crime Day, I'm assured there is absolutely no truth in the rumours that the event is to be marked by a march-past of City dignitaries, all looking the other way.

Gear change

■ Is Edsel Ford II still in the running to head the [redacted] company founded by his great-grandfather Henry?

Members of the Ford family continue to clamber through [redacted] carmaker – for example, William Ford was made executive director of business strategy last month – but Edsel is out in front. Now 42, and having joined [redacted] in 1974, he has done [redacted] than a dozen different jobs before being just made president of Ford Motor Credit, the world's second largest finance company.

A couple of years ago young Edsel was complaining bitterly that Donald Petersen, Ford's non-family chairman, was excluding him from the influential committees on the company's board. [redacted] then, however, [redacted] has been keeping his head down, and a stint [redacted] the finance side is bound to increase his chance of a shot at the top[redacted] job.

Off beat

■ How many policemen does it take to change a lightbulb? Five. One to fit the replacement, and four to say the old [redacted] fell [redacted].

The pharmaceutical industry

Educating the patient

By Ernest Mario

In the sixth century BC Heraclitus said: "Nothing endures but change."

This is certainly true of the prescription pharmaceutical industry. Today we [redacted] the development of a consumer-led business in prescription medicines. This is a radical transformation from what previously had been [redacted] supplier-led business.

Thirty years [redacted], the world of prescription medicines [redacted] simple. [redacted] pharmaceutical company invented the medi[redacted] doctor prescribed it, the insurer or the government paid for it. In the 1960s and 1970s, the main markets came, quite rightly, to be regulated by licensing requirements for safety and efficacy. But in a real sense, the industry proposed and the doctor disposed.

In those days, once pharmaceutical companies had demonstrated the usefulness, efficacy and safety [redacted] product to the medical community, they were home free. On [redacted] whole, patients and [redacted]sive. Companies talked [redacted] the doctors, [redacted] doctors talked [redacted] the patients and government and third-party providers were [redacted] to [redacted] silent partners.

They were [redacted] the pharmaceutical industry could [redacted] depended on [redacted] deliver breakthrough after breakthrough. In the 1940s, it was penicillin 6 and streptomycin. In the 1950s, corticosteroids, tetracyclines and anti-depressants. In the 1960s, it was diuretics and the polio vaccine. In the 1970s, beta blockers, H-2 antagonists and [redacted] channel [redacted] In the [redacted], ACE inhibitors, anti-virals and interferon.

[redacted] breakthroughs [redacted] no longer enough. Doctors, patients, governments and third-party providers [redacted] no longer [redacted] Their discon[redacted] spite [redacted] pharmaceutical companies [redacted] and more [redacted] in [redacted] compound they bring [redacted] market [redacted] are willing to re-invest, on average, 17 per cent of turnover in research and development. What has changed?

The answer is simple. Health care costs have exploded from a range of 3 per cent to 6 per cent in 1960, to a high today in the US of 11 per cent of gross national product. As a result, there is a new activism among formerly passive patients and payers to reduce costs – costs that affect them either in direct out-of-pocket expense or [redacted] upward pressure on [redacted]. The pharmaceutical industry must now demon[redacted] in no uncertain [redacted] provides extraordinary [redacted] for health [redacted] money [redacted]

But how [redacted] define [redacted]

Clearly, [redacted] prescription [redacted] gener[redacted] and measur[redacted] value [redacted] people out of hospital and [redacted] operating room. But the [redacted] drug therapy – enhanced productivity, lower costs to employers, improved quality of life for patients and reduced pressure on [redacted] organisations – are less easy to quantify.

But quantify them we must if we are to present a full picture of the value that the phar[redacted] industry provides. [redacted] self-presentation skills [redacted] growing.

Companies [redacted] already begun [redacted] develop new [redacted] municating [redacted] public both in America and, [redacted] extent, in Europe. [redacted] include [redacted] conferences, [redacted] tours, [redacted] symposia, video news releases [redacted] discussions with [redacted] community [redacted] new medicines under development. In the US, direct-to-consumer advertising is becoming increasingly common – both in print and on [redacted] – with the objective of increasing awareness about disease.

There is evidence that this type of advertising works. Direct-to-consumer advertising helps to meet the greater demand [redacted] health information prompted by the [redacted] increasing [redacted] of the impact of [redacted] of care. It alerts consumers to new treatments, especially [redacted]tions that were [redacted] previously treatable. It encourages people to seek medical attention. And ultimately it results in a more informed public.

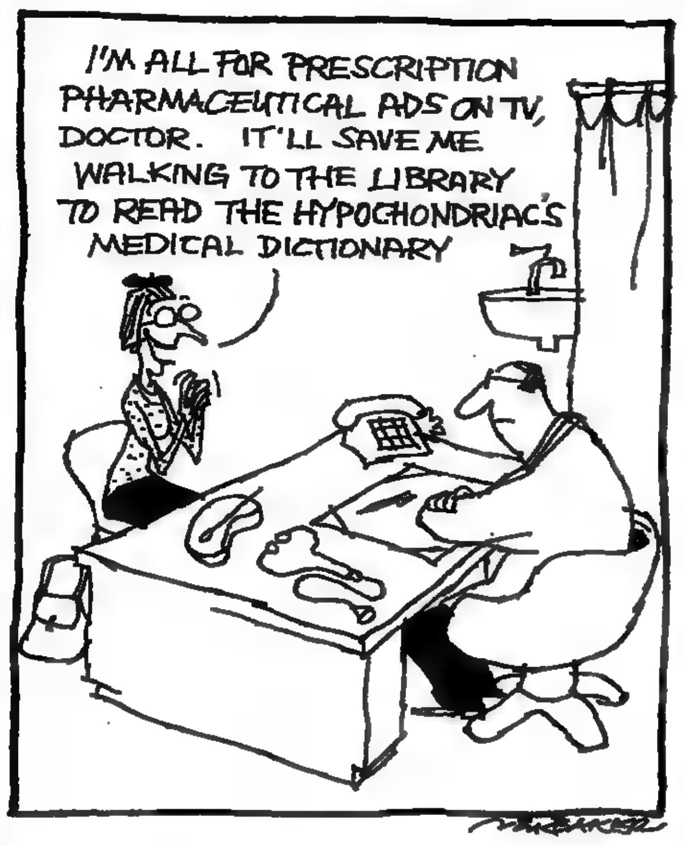
This changing environment [redacted] changing needs are not always perceived. There [redacted] points [redacted] when one looks at the EC's *draft direct[redacted] on advertising* [redacted] pharmaceuticals. This, [redacted] present form, [redacted] prohibit the [redacted] industry from reaching European con[redacted] directly through public [redacted]

I am [redacted] *suggesting* that Europe's airwaves should immediately [redacted] with brand-name [redacted] for prescription [redacted] I still [redacted] brand-[redacted] advertising for prescrip[redacted] I [redacted] promotional [redacted] they may be, must never attempt [redacted] inter[redacted] with [redacted] physician-patient relationship. Rather, communi[redacted] should encourage the patient [redacted] physician [redacted] appropriate medical treatment. Educational campaigns in the US – such as Glaxo's on peptic ulcer disease and Pfizer's "partners in health care" series – have demon[redacted] ability [redacted]

In [redacted] new [redacted] care environment, [redacted] value [redacted] crucial public good [redacted] pharmaceu[redacted]try provides. Whether [redacted] are provided through public [redacted] new [redacted] of [redacted] pharma[redacted] place.

A [redacted] Hopkins University study [redacted] that although well-informed patients were perceived as annoying by most doctors, it was those same patients who received the best care. In the new health care environment, the pharmaceutical industry must realise that part of its job is to educate every patient. If this challenge is met, treatment will improve, compliance will improve and, moreover, the industry's ability to provide the cures that people need and demand will continue to be as strong as it is today.

The author is chief executive of Glaxo Holdings.



An EC draft directive on advertising needs watching

Well-informed patients annoy doctors but receive the [redacted] care

Jurek Martin

Price of rapprochement

Japan could try to buy the Kurile islands but Mr Gorbachev may not be in a position to sell

FOREIGN AFFAIRS

Ever since the Dutch paid the Indians [redacted] in buy [redacted] getting [redacted] expensive to acquire territory occupied by somebody else. In 1803 Thomas Jefferson paid $27,267,622 to the French in the Louisiana [redacted] because he wanted the port of New Orleans. Admittedly Alaska, for [redacted] Tsar accepted a measly [redacted] from the US in 1867, was, in retrospect, a bit of a bargain, but the Russian monarch was keen to sell.

This week, according [redacted] some reports, Japan may offer about $26,000,000,000 in order to get back four tiny islands with minimal commercial and questionable strategic value, occupied by the Soviet Union since 1945. Even then, all these extra [redacted] enough, for it is far from clear that President Mikhail Gorbachev, on his "historic" visit to Tokyo, is in a position to sell, even though, heaven knows, his country needs the money.

Soviet-Japanese relations are indeed one of the more curious anomalies of the present day. There are historical and contemporary reasons for this, starting even before the Meiji restoration in the 1860s and running through the Cold War to the present. What they seem to amount to is an almost inherent mutual nervousness and suspicion, compounded by intermittent political paralysis in both nations and watched over, with acute interest, by the US itself.

Though Japan and Russia hardly intruded on their consciousness, both George Washington and Thomas Jefferson had things to say which, taken out of context, have a certain resonance to the current relationship between Tokyo and [redacted]. Washington, for example, pronounced in his farewell address [redacted] "great rule (in regard to foreign nations) is, in extending our commercial relations to [redacted] as little *political* connection [redacted] possible".

This [redacted] is the perfect description [redacted] modern Japanese [redacted] policies, except that it only appli[redacted] in part to the Soviet Union. Even though they are neighbours, even though Siberia's [redacted] to attract resource-poor Japan and the vast Soviet population [redacted] for Japanese con[redacted] goods, Japan's trade with [redacted] Soviet Union [redacted] than 2 per cent of its total for[redacted] trade. Political exchanges, however, have conformed to Washington's [redacted]

[redacted] once [redacted] les, [redacted] possible would [redacted] produced [redacted] which contribute [redacted] human happiness". [redacted] Japan [redacted] to [redacted] principle, [redacted] has hardly begun [redacted] practise [redacted] Union, where [redacted] happiness [redacted] with [redacted] approach to China, [redacted] Japan [redacted] complex and [redacted] relationship [redacted] as a bulwark against [redacted] and [redacted]thy [redacted] cultivation, with [redacted] vol[redacted]

[redacted] Japan and [redacted] Union [redacted] mismatch. As [redacted] points [redacted] in [redacted] Chatham [redacted] paper* [redacted] this week, "the [redacted] for this ... is [redacted] geopolitics of [redacted] Asia, [redacted] a thinly populated [redacted] a densely populated Japan [redacted] defend itself. [redacted] Japan [redacted] an economic superpower [redacted] stag[redacted] suitable policy for reform".

[redacted] Mr Segal nor Dr Wolf Mendl, in [redacted] more cogently argued contribution to [redacted] book, [redacted] International [redacted] of Japan,** believes that settling [redacted] territ[redacted] dispute would necessarily instantly transform the relationship. This, Dr Mendl argues, may only be attainable within the context of a broader north-east Asian co-operation, covering economic, security and environmental [redacted] But [redacted] then, he concludes "it will take time".

In his more creative [redacted] Mr Gorbachev has allowed himself [redacted] contemplate [redacted] new [redacted] world. Ever since he assumed power the style of [redacted] with Japan [redacted] improved, from [redacted] initial appointment of a new professional [redacted] to Tokyo through [redacted] his [redacted] on Monday to Japanese [redacted] in [redacted] rapprochement with South Korea is [redacted] move in the [redacted] direction, [redacted] would [redacted] the establishment of a new regional arms control regime, including, perhaps, the demilitarisation of the Kurile *islands*, Sakhalin and even Hokkaido.

But this is still in the theoretical stage and must be set against powerful countervail[redacted] in [redacted] Union. The Kuriles [redacted] part [redacted] Mr [redacted] Yeltsin [redacted] exactly keen [redacted] having [redacted] great rival sign them [redacted], regardless of [redacted] price. Nor [redacted] military persuaded [redacted] they [redacted] militarily without value. Nor are the Start negotiations with the US, a necessary precursor of any new Asian regime, now *going* well.

Thus it can have come as no great surprise that Mr Gorbachev declared in Khabarovsk on Monday that "we are not going [redacted] territory or policy [redacted] an instrument [redacted] make [redacted]" He may [redacted] no greater [redacted] or [redacted] than [redacted] acknowledge [redacted] territorial problem exists, which [redacted] Japanese [redacted] was [redacted] in part in 1956, but never since.

[redacted]qually, in Tokyo, [redacted] is no [redacted] for half [redacted] – [redacted] is, the return, for [redacted], of two [redacted] the [redacted] islands [redacted] unspecified future [redacted] Mr [redacted] Ozawa, who resigned last week [redacted] secretary-general [redacted] ruling Liberal Democratic Party, did [redacted] Moscow [redacted] explore the [redacted] But the process of selling an agreement of any [redacted] to the Japanese public, which [redacted] been conditioned [redacted] settle for nothing less than resumed sovereignty [redacted] the islands, has not even begun.

Indeed, there [redacted] even apparent a new steel in Japan's external policies, at least *where money is concerned*. Over [redacted] past week, Japan has said, [redacted] its aid contribu[redacted] will take into consideration the amount the recipient country [redacted] defence (a wholly laudable statement); second, it [redacted] exception to debt forgiveness for [redacted] and Poland, apparently because it [redacted] not necessarily [redacted] political judgment behind these US-led proposals.

This sounds like the Ministry of Finance asserting [redacted] domestically, [redacted] it liked to during the whole [redacted] Japan's contributions to the Gulf effort. Neither pronounce[redacted] is necessarily the [redacted] policy word, [redacted] both involve conflict with the US. But if both are taken even at a discount from face value, the [redacted] Union cannot expect to [redacted] receiving any Japanese blank cheques.

Still, the [redacted] serve as broker [redacted] Soviet-Japanese [redacted] Wolf Mendl points [redacted] the origins [redacted] dispute [redacted] Soviet-American [redacted] during and after [redacted] last war the [redacted] "a moral respon[redacted] in work for a resolution", which [redacted] point. [redacted] any [redacted] would [redacted] "indirect". If it is taking place [redacted] all, it certainly is not [redacted] visible part [redacted] President Bush's [redacted] Order".

[redacted] *hind*sight, [redacted] probably [redacted] an open window of opportunity [redacted] territorial [redacted] two [redacted] Then Mr [redacted] might [redacted] able [redacted] deliver domestically, Japan might [redacted] been pushed [redacted] him down, and the [redacted] might not [redacted] objected. And [redacted] Union would [redacted] enriched by more [redacted] the Indians got from the Dutch, though looking [redacted] the state of Manhattan today they [redacted] probably [redacted] sell.

**Normalising [redacted] Relations; RIIA [redacted] Paper.*
***The International [redacted] edited by [redacted] Macmillan*

Soviet-Japanese relations seem to amount *to an almost inherent mutual nervousness* and suspicion

LETTERS

Why an industrial tribunal was moved

From Judge Timothy [redacted]

Sir, I was interested to read Lisa Wood's article (April 12) [redacted] the *location of the London* Industrial Tribunals. There were some errors in it which I am happy to correct.

First, the tribunals are inde[redacted] judicial [redacted] and [redacted] is I, [redacted] the Department [redacted] Employment, who [redacted] responsibility for their location and removal.

[redacted] I have no plans [redacted] move the London North Tribunals from their present [redacted] in Woburn Place, WC1. It [redacted] the two largest tribunal [redacted] in the country and will continue to serve the needs of the greater part of London.

Third, it is necessary to *move the London South* Tribunals because the end of the lease of their premises is in view. Their catchment area, at present, stretches to the south coast and will eventually include the area of the Brighton Tribunal office.

I therefore decided that a move out of central London had a number of advantages both as to cost and to site the tribunals more centrally in the region they will serve.

The fact that one of the present chairmen tells your reporter that we are all "hopping mad" may have a little [redacted] do with their personal [redacted]

The region's catchment area remains to be reconsidered and it is [redacted] little premature for the chairmen to decide that the move will be inconvenient to the tribunal users.

I am confident that most users will find the move rather more [redacted] and [redacted]ble.

Timothy Lawrence,
president,
Central Office of [redacted] Industrial Tribunals,
93 [redacted] Bridge [redacted] SW1

Reminder over PR for every Christian Democrat Euro-MP

[redacted] Mr Anthony [redacted]

Sir, David Buchan's article, "UK [redacted] Euro [redacted] from centre-right", (April 15), in common with every [redacted] I have [redacted] on the prospective link between the [redacted] and the Christian Democrats in the European Parliament, studiously [redacted] mentioning the one [redacted] upon [redacted] this "engagement" will [redacted] broken off.

[redacted] the EPP Group (The European People's Party) in the European [redacted] proudly [redacted] they [redacted] "the [redacted] Europe" will certainly demand a form [redacted] proportional representation in the United Kingdom in time for the European [redacted] be [redacted] in 1994.

This is a price no Conservative government can afford to pay.

I am writing to every Christian Democrat member of the parliament reminding them of their duty to ensure that the 2m or so British European citizens disenfranchised by our winner-takes-all system of election in 1984 and 1989 have at least the possibility of proper representation in the next parliament.

Anthony Kinch,
36 Greenways,
Beckenham, Kent

Priorities and the Abta president

From Mr Harold Simon.

Sir, Having [redacted] the [redacted] by Clay Harris [redacted] the [redacted]ciation of British Travel Agents (April 13), I would [redacted] that it appears that Mr John Dunscombe, the association's president, has his priority wrong. Surely the most important thing ought to be getting back again the holiday-makers [redacted] thousands [redacted] miles away [redacted] their homes.

In view [redacted] my terrible experi[redacted] I feel qualified [redacted]

Recently, when on an Intasun package holiday in Lanzarote we heard the news [redacted] their failure.

We were not unduly perturbed at the time as it was assumed that Abta would be taking care of our welfare.

With about a week still to run of the holiday we were abandoned by the Intasun representative. All Intasun literature was removed from the apartments, and we were left to fend for ourselves.

In the absence of information, rumours were rife: Abta had gone bankrupt; they had withdrawn their bond.

Unless we were able to board an airplane by Sunday March 24, we would have to make our own way home. The efforts to fly us back to England were pathetic.

When an Abta member company fails, the primary concern of that organisation ought to be the welfare of stranded holidaymakers. It [redacted] appreciated that this could be [redacted] mammoth task and perhaps beyond the resources of the association.

Harold Simon,
30 Pinewoods,
Bexhill-on-Sea,
East Sussex

UK green card cover can hold its own with European rivals

Mr Michael Butt.

Sir, The letter from our customer, Mr Michael [redacted] (Letters, April 11), took us to task over green card cover.

In fact the Eagle Star policy he holds gives automatic minimum cover in EC countries and since July 1990 this has been extended to give full UK equivalence of cover without additional charge for up to 92 days a year, provided the policyholder advises us beforehand.

I [redacted] not, as Mr [redacted] complain [redacted] competi[redacted] from French [redacted]panies. However, the [redacted] of [redacted] that European companies enjoy in [redacted] open UK [redacted] starkly with [redacted] difficulties that British insurers face in [redacted] European markets.

[redacted] quality [redacted] competition, [redacted] Mr [redacted] compares the cover and price [redacted] his comprehensive, protected [redacted] Motorstar policy with anything available on the French market, he might think more favourably of UK insurers.

Michael A. Butt,
chairman and chief executive,
Eagle Star,
St Mary Axe, London EC3

Fax service

LETTERS may be faxed on 071-873 [redacted]. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

Basic cause of inflation of property prices

From Mr Derek Broome.

Sir, Much [redacted] including [redacted] (April 16) overlooks the basic cause of inflation of [redacted] prices [redacted] – the artificial restraint on supply imposed by planning regulati[redacted]

Current "values" represent [redacted] double [redacted] new building [redacted] of an [redacted] house depreciated at, say, 1 per cent to 2 per cent a year, representing a premium over agricultural use of land of perhaps 100 times.

In a free market your equity [redacted] would drop by £400bn, bringing [redacted] value of property to that which could earn a reasonable return if [redacted]

Redevelopment of older substandard [redacted] would become worth[redacted]

[redacted] totally [redacted] in land is likely or even desirable, [redacted] the [redacted] overprice hovels, and price [redacted] the [redacted] and [redacted] urgently [redacted]

Some of the measures you rehearse should be implemented, including capital gains tax on equity release.

Until the financial services industry as well as householders realise that "wealth" is Chinese Money unless capable of producing an income, the better. Much of this lending would have been better directed to industry.

[redacted] Broome,
Potters' End,
Mears Ashby,
Northampton

A lesson learnt in A-levels

From Dr F. Spooner.

Sir, In his article on [redacted] shortcomings [redacted] education [redacted] (April 15), Michael Prowse observes that the US has "nothing comparable with the French *baccalaureat*, the British A-level or the German *Abitur*".

Is this the same "British A-level" for whose abolition Mr Prowse used to campaign so relentlessly in your columns?

F. Spooner,
"Meadowside",
Corfe Castle,
Dorset

FINANCIAL TIMES
Wednesday April 17 1991

INTERNATIONAL TRADE

Gatt criticises EC imports curbs

By William Dullforce in Geneva

SHARP criticism of European Community trade deals with exporting countries has come from the General Agreement on Tariffs and Trade (Gatt), the organisation which sets the rules governing world trade.

Gatt's hardest strictures are aimed at arrangements negoti[redacted] by the EC with [redacted] such [redacted] Japan, [redacted] restrain exports [redacted] the Community of electronic equipment, cars, machinery and [redacted].

These have introduced "strong [redacted] discrimination" to the multilateral trading system and tend to promote cartelistic behaviour both within the EC and abroad, the Gatt secretariat says.

In its first review of EC trade policy, the Gatt is also critical [redacted] the frequent [redacted] by [redacted] anti-dumping [redacted] against foreigners [redacted] selling their products [redacted] cheaply [redacted] EC markets, as well [redacted] the widespread subsidies paid [redacted] farmers [redacted].

EC farm subsidies and protection for textiles and clothing manufacturers entail a substantial cost for consumers, particularly for those with low incomes, the report points out.

[redacted], Gatt does not find that the EC is creating a "Fortress Europe" against the rest of the world by [redacted] thrust towards a single internal market in 1993.

Widespread concern that the 12 member [redacted] would turn [redacted] had "not [redacted] confirmed [redacted]."

Nevertheless, Gatt notes that [redacted] "hard core [redacted] issues" remains to be settled in the internal market context.

It [redacted] imports [redacted] that [redacted] proposals [redacted] telecommunications could [redacted] trading opportunities for other [redacted] tries, particularly [redacted] innovati[redacted] products.

France [redacted] Italy are [redacted] for unduly insulating their home markets. In mid-1990, France [redacted] 71 quantitative restrictions on imports of food products and other goods, including consumer electronics and semiconductors, says the report. Italy applied 48 similar measures.

German domestic support for [redacted] mines [redacted] than [redacted] of the UK, [redacted] notes, [redacted] France is rapped for [redacted] reluctance to report [redacted] producers.

The [redacted] Commission [redacted] that the Gatt secretariat has failed to recognise the basic [redacted] the Community market and [redacted] passed an unbalanced judgment.

[redacted] Abbot, EC director [redacted] external [redacted] relations, [redacted] the Gatt [redacted] cil that a grouping, which represented [redacted]-fifth of world trade, [redacted] one [redacted] driving forces [redacted] of global [redacted] in [redacted].

Details, Page 6; Editorial comment, Page 12

Warsaw reopens stock exchange

Christopher Bobinski in Warsaw and **Anthony Robinson** in London describe the return of capitalism to favour in Poland after 50 years

THE ADVICE came from France but the *méthode champenoise* was Californian, and the Polish brokers wore bright red braces supplied by consultants Arthur Andersen as Warsaw yesterday reopened its stock exchange after 50 years.

To underline the point that capitalism is back in favour in Poland, the new exchange is housed on the fifth floor of the monolithic building in the centre of town which used to be home to the Polish communist party central committee.

The actual volume of trading in shares of the first five recently privatised companies to come to the market was modest to say the least. But the assembled throng of officials, putative capitalists and confused onlookers appeared relieved that a start had at last been made.

Even more relieved no doubt were the 100,000 or so shareholders who bought shares in the [redacted] public offer [redacted] autumn. They finally learned that the [redacted] their [redacted] had [redacted] by between 10 and [redacted] per cent.

Mr Janusz Lewandowski, the privatisation minister, wel[redacted] the opening of an institution which [redacted] said provided "the most subtle [redacted] con[redacted] supply and demand".

The first five quoted companies were all privatised [redacted] UK lines [redacted] intensive help from British merchant banks, accountants and lawyers and finance from the British government's "knowhow fund".

[redacted] future privatisation [redacted] likely [redacted] much less structured lines. Mr Lewandowski, [redacted] team [redacted] private enterprise-oriented [redacted] in the government headed by Mr Jan Bielecki, the prime minister, is co-author of [redacted] privatisation [redacted] effected through vouchers and unit trusts.

This is designed to speed up the wholesale [redacted] of [redacted] private ownership. With thousands of companies to be liquidated and privatised,

Share line: traders on the first day of dealing at the Warsaw [redacted] exchange yesterday

flotations such as have been used for UK privatisations are now seen as too slow and expensive, although Poland's budding professional brokers [redacted] learned much about modern financial markets in the privatisation exercise.

The exchange will operate only once a week until June. It is based on the French model where offers to buy and sell are matched to fix a price without any active market making by brokers. It is modelled on the Lyons bourse and Poles have been advised by the French Société des Bourses and Eurogroup Consultants.

The matching of offers yesterday gave Exbud, the Kielce-[redacted] construction company, the best [redacted] with [redacted] cent [redacted] original price [redacted] Zl [redacted] ($12), although a mere 10 shares [redacted] actually bought and [redacted].

The Krosnoglass works, whose [redacted] have been hard hit by the zloty's appreciation [redacted] dollar and other hard currencies [redacted] last 15 months of fixed exchange rates, showed the poorest performance to date. It fell 8.5 per cent from its original price of Zl 65,000 on offers to sell 17 shares and buy six shares.

Even in Krosno's case, however, yesterday's price gave a 10 per cent nominal profit to shareholders, who mostly bought [redacted] with [redacted] ment privatisation [redacted] allowing buyers a 20 per cent discount on the purchase price.

[redacted] companies to [redacted] through a public [redacted] will be Swarzedz, a [redacted] ture [redacted] from Poz[redacted] and Wolczanka, a textile producer. However, smaller state-owned businesses are being "liquidated" and then [redacted] management and employees at the [redacted] of two a day. [redacted] government [redacted] told the International Monetary Fund that it plans to sell the shares of 40 to 50 companies this year. The shares of a further 100 plants are to be distributed free to banks, pension funds and the population in the second half of 1991.

Iraq may have hidden time-delay charges in Kuwait

By Mark Nicholson in Kuwait City

ALLIED bomb disposal experts are combing Kuwait in search of sophisticated Iraqi time-delay charges capable of detonating explosives 99 days after being set.

A cache of 52 such devices has already been discovered, but allied commanders are worried that the Iraqis may have set and hidden a few such charges in key installations before their hasty retreat in late February. If this has happened, charges could detonate explosives any time up to the end of May.

The device, which bomb disposal officers describe as a "sinister and sophisticated development", is a further indication of Iraq's determination to wreak as much damage as possible to Kuwait before retreating.

Allied generals raised the matter of the devices with the Iraqis during the post-war talks held in Safwan, because any remaining live charges in the country would directly breach the formal ceasefire agreement.

However, Iraqi generals were apparently unable to give any information on the booby-trap explosives.

Allied officers say they believe that the unexpected speed of the Iraqi forces' capitulation in Kuwait interrupted any plans to deploy the explosive charges.

Nevertheless, the 1,000 allied bomb disposal experts working to clear Kuwait of mines and unexploded bombs were briefed this week on the Iraqi device and are continuing searches at all Kuwait's power, oil and other key installations.

"If we get to the end of May without anything happening, we'll be reasonably confident," a senior allied officer said yesterday. "But so far we've found no more than the original cache."

The original stock of devices was discovered in workshops in al Ahmedi, the main oil centre south of Kuwait City. All of them were packed in boxes and none had been set.

The devices gave no clue where they were manufactured, but allied officers say they are "far the most sophisticated" of any Iraqi explosive device yet found.

Each comprises a booster charge of about 6lb of explosives in a metal cylinder about the size of a milk bottle, equipped with highly sophisticated microcircuitry to enable a time delay from one hour to 99 days.

"All Kuwait's installations have been searched to the best of our abilities," said one officer yesterday.

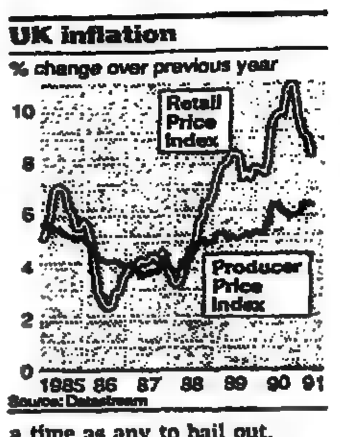
However, bomb disposal experts have so far found only a handful of less sophisticated booby traps which were set by the Iraqis and said they were "not more than appropriately concerned" about the other device.

THE LEX COLUMN

Bad news from the factory gate

Yesterday's figures on UK producer [redacted] are perhaps [redacted] indication [redacted] why UK [redacted] are unlikely [redacted] fall [redacted] in [redacted] immediate future. The March headline figure for manufacturers' output price [redacted] of 6.3 [redacted] – unchanged from the two preceding [redacted] – [redacted] plainly at odds with the latest signals on price expectations from the Confederation [redacted] Brit[redacted] Industry. But in relation to [redacted]put [redacted] especially, the [redacted] unmistakeable. Throughout 1988 and [redacted] monthly [redacted] number [redacted] put prices averaged [redacted] input prices. [redacted] rising steadily [redacted] since, and now [redacted] at 1.29 [redacted].

This [redacted] imply [redacted] widening [redacted] profit margins, [redacted] the [redacted] acceleration [redacted] earnings. [redacted] point [redacted] rather that despite recession and [redacted] sterling, UK manu[redacted] broadly [redacted] have [redacted] able to maintain a cost-plus pricing regime. This also leaves out of account the fact that the inflationary effect of excess demand in the late 1980s was mainly seen not in manufacturing but in the ser[redacted] industries, where [redacted] picture [redacted] reconcile with [redacted] of distress from the corporate sector. The government can be forgiven for treading the middle path just the same.



Royal Insurance

Given [redacted] Insurance chalked up pre-tax losses of £187m last year, it might seem [redacted] sell a subsidiary which actually makes [redacted]. Disposing of Royal Reinsurance, however, [redacted] surely [redacted] right decision. The price extracted from General Re - perhaps a little over £100m - is secondary. The point is that primary insurers should not be in the highly specialised, highly risky business of reinsurance unless they are determined to be really big.

History shows a clear correlation between size and profitability, a lesson which Legal and General absorbed last year when it sold Victory to the Dutch. Now that Royal has conceded it has neither the resources nor the expertise to grow the product or geographical base of Royal Re, perhaps the Pru will be next to follow suit. Its Mercantile and General might have entered the big league if all had gone to plan: yesterday's evidence of buyers in the market could be as good a time as any to bail out.

Royal's problem is that the deal does little to mend its battered balance sheet. This year's bounce in equities has lifted the solvency margin from 32 per cent to about 40 per cent; the disposal will not take it much beyond 43 per cent. The company continues to insist that its Aachener and Munchener stake is not for sale and that there are no plans for a rights issue. But with premium rates set to increase and dividends unlikely to be covered for at least another year, the stock market's health could be crucial.

British Telecom

[redacted] strength of [redacted] mysterious until [redacted] government's [redacted] sell [redacted] all [redacted] remaining [redacted] per [redacted]. An army of brokers has had every reason to push the price higher and no reason to annoy the authorities. Getting in on privatisations has been one of the few sure ways to make money in recent years and the appointment of Warburg as lead adviser leaves plenty of spoils on the table. Half of the shares' 8 per cent outperformance of the market since the start of the year occurred after the Budget announcement.

The brokers' arguments, of course, are not so unsubtle. BT's notorious lack of productivity is due to give way to a leaner organisation, while the duopoly review was kinder than expected and will have little immediate effect on BT's profits. This is true as far as it goes. A more objective view might be that the government faltered when it realised that a [redacted] undermine [redacted] value of [redacted] own investment.

[redacted] it simply postponed [redacted] to the big questions like equal [redacted] and price re-balancing [redacted] 1992 after it has ceased [redacted] be a direct investor. The Treasury [redacted] thus free to maximise the sale proceeds knowing the industry will only start [redacted] the real implications of competition some [redacted] later. It is presumably not [redacted] coincidence that the regulator [redacted] meanwhile quietly keeping his pow[redacted] dry. [redacted] should perhaps be sceptical about any continuing pre-privatisation rally. Other utilities [redacted] both [redacted] and cheaper.

Hanson

Yesterday's £500m [redacted] from Hanson [redacted] just the thing to stir a market impatiently waiting for the big takeover bid. But in the context of a balance sheet already carrying gross debt of £6.3bn, the sum scarcely signifies. Perhaps more material is the chance for Hanson to indulge its favourite trick of borrowing money cheap and depositing it dear: but after expenses and dilution, even that will make scarcely any difference to earnings per share.

The fact remains that Hanson, like BTR, needs a big deal before too long. In view of the recent rise in world markets, it might be argued that it is late in the game already. But Hanson's standing with the banking community will doubtless allow it [redacted] raise unlimited [redacted] when [redacted] time comes. It [redacted] be argued that at [redacted] the market is looking for geared recovery plays, it is not in Hanson's interest to be held back by cash on its balance sheet.

US economy US housing starts fell in March. Does that mean things are getting worse, or better? At first sight, the figures look terrible: a month-on-month fall of nearly 10 per cent. Bond futures rose on this slumpish news.

Then the weather men got to work: January was very cold, February was very warm and in March it was too wet in California to dig a trench. In the end the market turned to the weatherproof numbers for building permits, which show just a hint of recovery. Futures fell again.

Meanwhile, industrial production was down a little less than expected. Good news? No, the weather again. Heating demand fell in February, then recovered. One [redacted] sonal adjustment when the [redacted] themselves are maladjusted.

US 'ignored warnings on arms for Iraq'

Continued from Page 1

771 licences of high-technology items and biological agents to Iraq between 1985 and 1990 worth $1.5bn.

The weapons flow was part of a pro-Baghdad tilt by Washington against Tehran which continued well after the end of the Iran-Iraq war in August, 1988.

Unlike east-west trade, which [redacted]vily regulated under Cocom rules, the sale of arms and dual-use items to Iraq was subject only to general foreign policy considerations under the discretion of the US State Department.

During the summer of 1990, the Commerce Department became increasingly alarmed at applications from US companies for export licences for dual-use technology.

Mr Kloske told the committee last week that he ordered his own officials to tie the licence applications up in red tape – a rare and controversial admission since Congress constantly complains about unnecessary restrictions on US exports. He was singled out for criticism by the White House, which denied reports that he was sacked for talking to Congress.

Senior industrialist optimistic over outcome of Soviet reforms

By John Lloyd in Tokyo and Leyla Boulton in [redacted]

THE Soviet Union's senior industrial figure yesterday broke with recent established Soviet tradition and professed optimism about his country's [redacted].

Mr Arkady Volsky, president of the Science and Industrial Union which groups the heads of major enterprises in the Soviet Union, told a meeting of industrialists in Tokyo that output in the semi-privatised sector of the [redacted] economy had risen by 4.5 per cent in the first quarter.

"It should be a matter of some joy that this is happening," he [redacted], stressing that this was an unofficial point of view. The semi-privatised sector involves enterprises operating [redacted] leases or on a co-operative basis and is thus the closest to private enterprise. [redacted] rise compares with [redacted] 10 [redacted] drop in [redacted] output.

Mr Volsky [redacted] man[redacted] enterprises were [redacted] young [redacted] talented. "It is a [redacted] power structure that is coming up and they think they [redacted] do something. There is a [redacted] and a right in our country – but there is a third force, and that is the directors of the enterprises. And that is the real force."

Conceding that "if you look at the situation in our country today, any company would be cautious", he nevertheless maintained that "this is the best time to do business there."

Commenting on the late US businessman Armand Hammer, Mr Volsky said: "He became a millionaire during the civil war period. We have the cheapest real estate. You must enter the Soviet market today".

Mr Volsky, [redacted] some [redacted] as the [redacted] prime minister [redacted] Mr Valentin Pavlov, has forged his association [redacted] a powerful and influential lobby. It [redacted] legislation [redacted] industrial and enterprise matters, including the law [redacted] entrepreneurship and forthcoming [redacted] privatisation [redacted] ments.

He said the anti-crisis plan, to be introduced shortly by Mr Pavlov in the Supreme Soviet, was relatively unimportant. "We have lots of programmes: the point is to get some action going."

The domestic turmoil in the Soviet Union continued yesterday as Mr Zviad Gamsakhurdia, leader of Georgia, issued his first presidential decree to call for a co-ordinated civil disobedience campaign across the [redacted] republic.

Mr Gamsakhurdia is trying to force the Kremlin to withdraw troops from the strife-torn enclave of South Ossetia and to grant Georgia independence. He has already managed to trigger a republican-wide rail strike to back these demands.

The Soviet parliament, meeting in closed session, was yesterday reported to have given preliminary approval to a bill outlawing political strikes in an attempt to help crush the industrial action engulfing the country. Independent trade unions from all over the Russian Federation are due to gather in Moscow today to consider launching a one-day strike on April 26 to express solidarity with the economic and political demands of striking coal miners.

Spain lifts final curbs on capital exports controls

Continued from Page 1

by the authorities to restrict short-term inflows of money.

That, said Mr Perez, "can comfortably be lifted in the next 18 months".

But Madrid remains in a tight corner.

Mr Solchaga has been warning that inflation has not been beaten and that the time is not right for another interest rate cut to follow the one made a month ago when the Bank of Spain cut its official intervention rate a full point to 13.5 per cent.

He said that the government hoped to contain the growth in domestic demand to between 3 and 3.5 per cent in 1991, compared with expected growth of gross national product of 4 per cent.

Although both the February and March consumer prices figures have held annualised inflation to 5.9 per cent, first-quarter figures published this week show private sector credit and the broad money measure supply growing 21.5 per cent and [redacted] respectively – more than [redacted]ble their targets.

Faced with this, the Bank of Spain refused on Monday to cut its intervention rate.

WORLDWIDE WEATHER

[redacted] C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain [redacted] T–Thunder

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FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday April 17 1991

INSIDE

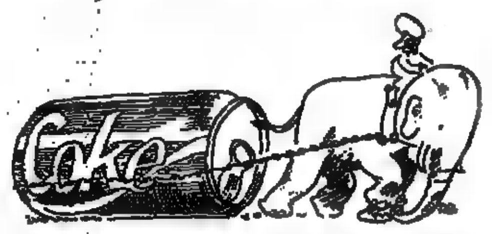
Bullish results for Merrill Lynch

Merrill Lynch, the big-[illegible] in [illegible] US, ripped through the [illegible] quarter to [illegible] 338 per [illegible] in profits. [illegible] 18 per cent rise in [illegible] nues [illegible] behind [illegible] dramatic improvement in earnings. Patrick [illegible] reports. **Page 17**

Tunisia gears up for growth

For many [illegible] Tunisia [illegible] tourism [illegible] closely linked, but [illegible] Gulf [illegible] blow to the country's main source of foreign income. Tunisia's leaders are now facing a major challenge as they attempt to [illegible] another source of [illegible] by boosting [illegible] put from agriculture, an industry struggling against low wages, soil erosion and [illegible] productivity. Francis Ghiles reports. **Page 32**

Thirsty work for Coke deal



When Coca-Cola [illegible] away from the Indian market in 1977 following the imposition of a limit on foreign equity holdings in subsidiaries, [illegible] barely nudged [illegible]. [illegible] year, [illegible] more than 110m [illegible] in one of the [illegible] growing [illegible] drink markets. Coca-Cola, [illegible] to [illegible] up for lost time, [illegible] in negotiations [illegible] an [illegible] snack food processor [illegible] reintroducing [illegible] fizzy drink [illegible] India. **Page [illegible]**

Old habits die hard

Morgan Crucible, the UK industrial materials group, seems to view rights issues as habit-forming. In each of the past five years, the group has [illegible] shareholders for cash to [illegible] energetic acquisition programme. Monday's £96m ($172m) rights [illegible] intended to fund a set of deals thrown up as the recession forces a shake-out among competitors in the US and continental Europe. [illegible] Leadbeater reports. **Page 21**

New airport unsettles bull run

Hong Kong's politically sensitive stock market has run [illegible] period, [illegible] partly by the lack of Chinese support for its plans to build a new HK$100bn (US$12.8bn) [illegible] national airport. Since the pay-back period for the airport will not start until after 1997, private sector [illegible] still looking [illegible] ances that the project is backed by China. This uncertainty [illegible] helped [illegible] a [illegible] bull [illegible] for the local Hang [illegible] which [illegible] within a whisker of its record high scored just before the 1987 market crash. **Back Page**

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
BLW	658	+	10	BIC	818	+	28
Porsche	902	+	10	Falls			
Sud Chemie	620	+	15	Air Liquide	688	–	[illegible]
Falls				[illegible]	763	–	[illegible]
Bayer-Hypo	372	–	7	Ecco	405	–	14
Hertz	380	–	[illegible]	Immobanque	750	–	16
Leifheit	740	–	[illegible]	Peugeot	536	–	22
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Apple Comp	63½	+	1¾	[illegible]	[illegible]	+	55
Intergraph	30⅜	+	1½	Morozoff	1360	+	110
Mellon Bank	31¾	+	1¾	Nitto Kako	815	+	45
Merrill Lynch	40¼	+	⅞	Falls			
Wells Fargo	78⅜	+	6¼	ASK	730	–	50
Falls				Meiwa Trading	620	–	[illegible]
Bear Stearns	16⅛	–	[illegible]	[illegible] Tetrapod	1000	–	[illegible]

New York prices at 12.30.

LONDON (Pence)							
Rises				Barclays	462	–	14
Airtours	[illegible]	+	[illegible]	Explaura	15½	–	3
Caird	65	+	[illegible]	Fisher (Jas)	88	–	[illegible]
[illegible] Co	208	+	[illegible]	Gen. Accident	534	–	21
French [illegible]	65	+	18	Hardanger Prop	80	–	25
Martin (A)	70	+	12	Hartons	19½	–	6½
Meyer	124	+	9	Liberty N/V	325	–	60
Owner Hldgs	100	+	15	McCarthy & St.	87	–	10
Radio City A	269	+	18	Sainsbury (J)	379	–	11
Sage	252	+	[illegible]	Soma	335	–	14
Sherwood Comp	137	+	[illegible]	Turriff Corp	76	–	6
Yorks Chems	459	+	[illegible]				
Falls							

Mannesmann sales fall 9% as overseas markets show weakness

By David Goodhart in Bonn

MANNESMANN, [illegible] German engineering group, has reported [illegible] 9 per cent fall in sales in the first quarter of 1991, reflecting the effects of slower growth in [illegible] leading economies on [illegible] German exporters.

The [illegible] Association of [illegible] and Plant [illegible] recently complained [illegible] a fall [illegible] the [illegible] of exports [illegible] per cent [illegible] first [illegible] months of 1991.

However, [illegible] of the [illegible] help [illegible] this export weakness.

Mannesmann also reported a 12 per cent fall in orders in the first quarter but Mr Werner D[illegible], chairman, [illegible] year's [illegible] of [illegible] ($14bn) [illegible] pre-tax earnings [illegible] DM505m, as well as [illegible] dividend, [illegible] maintained.

The first-quarter [illegible] by a deterioration [illegible] Mannesmann's Brazilian subsidiary, suffering the effects of the recent economic austerity package.

Stripping out Brazil, the sales fall [illegible] have been only [illegible] per cent and the [illegible] in orders 6 per cent.

Mr [illegible] that he regretted having raised the possibility of a big takeover in the US two years ago. But [illegible] said the search for a suitable acquisition [illegible] continuing [illegible] been rejected.

Mannesmann is raising its stake in Britain's TI Group from 5 [illegible] to 9 per cent.

Meanwhile, the price of leased lines for Mannesmann's digital mobile-phone operation, a crucial determinant of [illegible] longer-term profitability, remains [illegible].

The company's D2 network, due to begin competing with the Bundespost-Telekom's state-owned D1 network later this year, has to hire lines from its competitor.

Telekom originally offered Mannesmann its standard price – [illegible] is [illegible] times [illegible] OECD average – but this was rejected by the Bundespost, which despite being [illegible] owner has to adjudicate on pricing.

Mr Peter Mihatsch, head [illegible] Mannesmann Mobilfunk, [illegible] subsequent offer – [illegible] than 50 per cent – was still not satisfactory.

● A leading east German capital goods manufacturer, Sket AG of Magdeburg, hopes to come to the stock market after three successful trading years.

In the current year it expects sales of about DM1bn ($596m) and losses [illegible] DM60m.

BSN, Nestlé in Czech deal

By William Dawkins in [illegible]

NESTLE, the world's biggest food [illegible] BSN, the leading French food group, have joined forces with the intention [illegible] ing [illegible] majority stake in Czechoslovakia's biggest food producer.

The pair, normally [illegible] rivals in Europe, have signed a letter of [illegible] with [illegible] dovny. [illegible] expects to receive a [illegible] Prague [illegible] in July, after privatisation [illegible] into force.

[illegible] a series of [illegible] industry and, if successful, [illegible] be a [illegible] of majority [illegible] large [illegible] European [illegible].

It would be a fillip to French industry, following the wave of self-criticism provoked last year by [illegible] to [illegible] Volkswagen in the contest for a large minority stake in [illegible], the [illegible] maker.

Cokoladovny employs [illegible] people in 15 plants across Czechoslovakia and last year reported a turnover of Czech [illegible] 4.3bn ($150m) on [illegible] BSN [illegible] it made a profit.

The Czech group produced 42,000 tonnes of chocolate in 1990, around [illegible] same [illegible] in Switzerland. It made [illegible] tonnes [illegible] the equivalent of the French production of Lu, BSN's main biscuit brand – representing a large [illegible] of the 400,000-tonne [illegible] European [illegible].

On top of this, [illegible] produced 38,000 tonnes of sweets and [illegible]000 tonnes of [illegible] products, including cocoa, nougat, [illegible] and [illegible].

[illegible] the partnership, [illegible] to act as a helpful adviser to Cokoladovny rather than [illegible] full management control, [illegible]. The aim [illegible] to bring [illegible] nology, commercial, marketing, [illegible] help to strengthen Cokoladovny's position on [illegible] market, [illegible] a BSN official.

[illegible] Europe's [illegible] producer, and Nestlé, Europe's top chocolate supplier, decided to co-operate when they discovered they [illegible] separately negotiating for [illegible] stake in Cokoladovny, said a Nestlé spokesman. "With our expertise in [illegible] and BSN's in biscuits, [illegible] felt [illegible] by getting together [illegible] could [illegible] a more [illegible] offer to [illegible] Czech partners," he said.

If the Czech Government clears [illegible] deal, the pair aim to [illegible] an equally [illegible] holding company to [illegible] majority [illegible] Cokoladovny, with [illegible] held by local [illegible]. Full details, [illegible] and [illegible] stake, [illegible] be [illegible] out.

Group plans to wipe out short-term debt

La Générale hopes to raise BFr36bn

By David Gardner in [illegible]

SOCIETE [illegible] de Belgique plans to wipe out virtually all its short-term debt through divestitures and a capital injection, the [illegible] yesterday. At [illegible] time it [illegible] 39.4 per cent fall in net group profit for 1990. The dividend is unchanged on 1989 at a net BFr84 [illegible].

La Générale, Belgium's largest holding company, [illegible] it hoped [illegible] raise BFr36bn ($1.05bn) [illegible] year-end, and reduce the [illegible] net short-term debt of [illegible] parent company and wholly-[illegible] financial subsidiaries by at least BFr25bn.

It plans to raise BFr25bn by selling off parts [illegible] its portfolio, and BFr11bn from its two main shareholders, Compagnie de Suez, the French financial conglomerate [illegible] owns 61 per [illegible] and its [illegible] company AG, which [illegible] per cent as [illegible] of [illegible] Générale consortium.

They will fully pay up the 18m [illegible] in [illegible] when Suez arrived to stave off [illegible] hostile bid by Mr Carlo de Benedetti, [illegible] Italian [illegible].

Mr [illegible] Davignon, SGB chairman, emphasised however that "the jewels of La Générale are not going to be sold . . . this will not be a lottery." He specifically ruled out CBR, its cement business, Tractebel, its electricity supplier, Générale de Banque, the banking arm, and AG.

The planned divestiture comes [illegible] profits [illegible] to [illegible] last year, against BFr20.1 in 1989, and "an even worse" first quarter this year. Worst hit was the group's non-ferrous [illegible] business, where earnings fell to [illegible] from BFr9.6bn in 1989, depressed by [illegible] weak dollar and a precipitous fall in metals prices.

[illegible] financial [illegible] company's increased debt [illegible] and the cost of disposing of most [illegible], the stricken Bel[illegible] arms maker, were the [illegible] other main reasons for what a group spokesman called "a lousy year."

Mr Gerard [illegible] sent [illegible] by Suez to take over from [illegible] Herve de Carmoy as managing director earlier this year, said FN losses plus the cost [illegible] had cost [illegible] Générale BFr5.6bn.

The [illegible] company [illegible] significant disposals [illegible] year which [illegible] its profits, including stakes in two Belgian [illegible] companies, [illegible] French construction group, and in Alcatel Alsthom, the French telecom[illegible] company. [illegible] reported extraordinary profits of BFr5.9bn.

The remnant of consolidated current earnings of BFr6.3bn, does not cover the dividend payments of BFr6.8bn, raising questions among brokers about the adequacy of its portfolio. "That is exactly what we're going to work on by clearing [illegible] debt," a spokesman for the company said.

No lottery: Etienne Davignon, Société Générale chairman

Laidlaw and ADT reach agreement

Richard Gourlay in London, Bernard Simon in [illegible] York

PUBLIC feuding at ADT, the security and car auctions group, ended yesterday when Laidlaw, its largest shareholder, withdrew its litigation alleging fraud in return [illegible] board-room shake-up and the establishment [illegible] an independent audit committee.

The agreement gives the Canadian waste-management company four seats on an expanded ADT board and allows for [illegible] independent board members to review the allegations Laidlaw made in [illegible] York case on April 1.

In a joint statement from New York, Mr Donald Jackson and Mr Michael Ashcroft, the chief executives [illegible] Laidlaw and ADT respectively, welcomed the agreement [illegible] an opportunity [illegible] work together [illegible] benefit of shareholders. ADT's [illegible] price, which [illegible] in London earlier [illegible] month from almost 200p [illegible] year ago, rose following the announcement in New York where it is quoted [illegible] NASDAQ.

The agreement brings to [illegible] end the public phase of the board-room struggle that began when Laidlaw alleged in a New York court that ADT and some directors had manipulated its share price by manufacturing an illusory profit [illegible] through [illegible] transactions.

Mr Peter Widdrington, non-executive [illegible] of Laidlaw, said the establishment of an audit committee met [illegible] full the company's worries [illegible] corporate governance of ADT.

"You have [illegible] consideration of getting on with the [illegible] at [illegible] while not whitewashing the issues," he said. Laidlaw pointed out [illegible] the [illegible] against ADT had been withdrawn, not dropped altogether.

The agreement, which is encap[illegible] in a contract, specifies that ADT is to allow Mr William [illegible] chief executive of Canadian Pacific to join ADT's [illegible] has [illegible] controlling [illegible] in Laidlaw which has seen the [illegible] of [illegible] ADT investment fall $450m over [illegible] year.

Three Laidlaw directors will join the ADT board immediately, [illegible] of an annual general meeting on June 3 in Bermuda, [illegible] ADT is registered. Until yesterday's agreement Laidlaw had no [illegible] representation despite having [illegible] 28.4 per cent stake in Mr Ashcroft's tightly controlled group.

The agreement calls for an application to be made [illegible] the New York Stock Exchange for a full listing and the implementation of quarterly reporting.

Hanson launches record £500m convertible bond

By Maggie Urry and Simon London

HANSON, the Anglo-American conglomerate, yesterday launched [illegible] £500m ($885m) convertible Eurobond, the largest sterling convertible yet [illegible] in the international market.

The move triggered widespread [illegible] speculation [illegible] Hanson [illegible] to [illegible] a sizeable takeover bid, although Mr Martin Taylor, [illegible] of Hanson, said the issue was "no signal in that sense".

Mr Taylor said the two aims of the bond were to reduce its sterling borrowing costs and give international investors a new opportunity to buy into Hanson.

Analysts pointed out that [illegible]son had net cash of more than [illegible] in its [illegible] 30 balance sheet, and estimated that its borrowing powers permitted it to spend up to £18bn. They said the issue was small compared [illegible] Hanson's market value of £10.6bn at last night's share price close of 220p, down 5p. The analysts [illegible] that a large takeover would probably involve issuing shares anyway. Names suggested [illegible] for a Hanson bid included Pilkington, the glassmaker; [illegible] pharmaceutical group; and the William Hill betting shop business of [illegible] Walker, the leisure [illegible].

Yesterday's bond issue appeared [illegible]. There was substantial demand from European institutional investors, centred on Switzerland, said banks involved in the deal.

Most of the [illegible] with new investors, unlike some other convertible bond issues by UK companies. The strength [illegible] demand for convertible bonds among international investors could attract other UK companies to the market.

Mr Taylor said that the coupon of [illegible] on [illegible] bond compares to current borrowing costs of about 12 per cent in the UK.

In February, Hanson announced a $2.5bn commercial paper programme in the US to cut the cost of its short-term dol[illegible] borrowings. Mr Taylor said [illegible] well over [illegible] had been [illegible] under this programme already.

The bonds convert into Hanson ordinary shares [illegible] 258¾p, a premium of 15 per cent over the closing share price on Monday. They [illegible] a final maturity date [illegible] 2006.

Analysts said that due to the saving on interest costs, the bond should slightly enhance Hanson's fully-diluted earnings.

On full conversion of the bond, Hanson's share capital would [illegible] by 3.7 per [illegible].

The issue was lead-managed by Credit Suisse First Boston and a syndicate of just four banks – Barclays de Zoete Wedd, Goldman Sachs, N.M. Rothschild and Salomon Brothers.

The five banks will share fees of £12.5m.

Lex, Page [illegible]; International bond report, Page 20; UK stock market report, Page 25

Roche earnings rise 11 per cent

By William Dullforce in Geneva

ROCHE, the Swiss pharmaceuticals and [illegible] group, yesterday [illegible] consolidated earnings of SFr948m ($668m) for 1990, up 11.3 per cent over the previous year.

The board proposes to increase the dividend by SFr4 to SFr42 a share and non-voting stock.

At [illegible] Roche announced [illegible] US subsidiary, Roche Holdings Inc, was planning a Eurobond issue with warrants of about $1bn.

Swiss Bank Corporation, the lead manager, [illegible] expected [illegible] announce details [illegible] the [illegible] this week.

Roche bought 60 per cent [illegible] Genentech, the Californian biotechnology company, last year in a $2.1bn deal, which [illegible] financed through [illegible] multi-layer [illegible] credit. The bond issue will switch part of this on to a longer-term basis.

Group sales, disclosed earlier, climbed [illegible] per cent to SFr9.67bn in 1990, an increase equivalent to 14 [illegible] in [illegible].

The turnover figure includes fourth-quarter sales by Genentech but excludes sales by the Maag crop protection business and the Medi-Physics radiopharmaceuticals company [illegible] Roche disposed of during 1990.

Roche said all divisions, particularly pharmaceuticals, had contributed to the positive results, as had non-operational income.

[illegible] year's 11 per cent improvement in group earnings had been achieved despite the adverse effects of the appreciation of the Swiss franc against other major currencies.

The strength of the franc also strongly influenced the results of [illegible] two [illegible] Basle-based Swiss chemicals groups.

● Ciba-Geigy is cutting its dividend from SFr65 to SFr60 after posting a 33 per cent fall in net consolidated earnings to SFr1bn.

Sandoz [illegible] maintaining [illegible] unchanged dividend after reporting a 1 per cent increase in group net profit to SFr967m.

Royal reinsurance arm could realise £100m

By Richard Lapper in London

THE PROSPECTIVE sale by Royal Insurance of its 80 per cent stake in its Royal Re reinsurance subsidiary is expected to earn around £100m ($178m) for the hard-pressed British composite insurer, according to insurance analysts.

News of the deal, which has been agreed in principle by Royal with General Re, the [illegible] reinsurer domiciled in the US, was announced in London yesterday.

A price of about £100m would be equivalent to roughly 1.5 times Royal Re's net [illegible] value.

The disposal would mark a further stage in the withdrawal of the UK insurers from their involvement in reinsurance.

Following the sale by Legal & General of Victory Re last July, Royal Re, with net written premiums of £153m, was the second-biggest UK reinsurer outside the Lloyd's market.

Mercantile and General Re is the biggest reinsurer, but its owner, the Prudential Corporation, is also believed to be seeking a buyer.

The disposal is one of the first results of a strategic review by Royal Insurance of its worldwide operations begun at the start of 1991.

Although Royal Re has specialist capacity in engineering and industrial risk reinsurance, the company has decided it is too small to compete with the giants of European reinsurance in a sector of the industry where size is increasingly important.

Royal had examined a number of options including geographical diversification, and acquisition but had decided the potential return on capital did not warrant the scale of investment needed.

In addition, Royal had become increasingly unhappy about the potential for conflict between its primary insurance and reinsurance operations.

Against a background of increasing rate competition and rising exposures in the UK household sector, Royal believes by offering reinsurance cover it may be helping to subsidise companies who are competing with it for direct business.

Royal also said prices were depressed in both the primary and reinsurance markets.

Traditionally the underwriting cycles of the two markets have tended not to coincide, so a company with involvement in both insurance and reinsurance has been able to smooth out its [illegible].

Royal is also expected to announce today the appointment of Mr Richard Gamble, the finance director appointed in 1989, to lead the management group which is conducting the strategic review. Mr Gamble, who will formally occupy the post of chief operating officer, will effectively be number two in the group to Mr Ian Rushton chief executive.

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Groupe Bull increases control of US unit

By William Dawkins in Paris

GROUPE BULL, the loss-making French computer maker, yesterday increased management control of its US-based overseas division, so paving the way for a full reorganisation of the group's cumbersome structure.

It paid an undisclosed sum to buy the remaining 12.8 per cent stake held by Honeywell, the US electronics group, in Bull HN Information Systems, which groups the bulk of the French company's activities in North America, the Pacific Rim and Australia.

This means Groupe Bull will own 85 per cent of Bull HN, with the remaining 15 per cent in the hands of NEC, the Japanese electronics company which is being discreetly courted as a possible minority partner in the group itself.

Mr Francis Lorentz, Bull's chairman, is working on plans, due to be completed in the summer, to merge Bull's four fragmented operating units into a single company. This implies bringing NEC into the group ownership, though officials of neither company are prepared to go into more detail.

Bull recently announced a record FFr6.8bn ($1.20bn) loss for 1990, following which the French government has had to pledge FFr4bn of fresh capital over the next two years to fund job losses and the costs of rationalising the organisation.

NEC has been a partner in Bull HN since the unit was formed in 1987 by Bull, Honeywell and the Japanese company, from Honeywell's information systems division. Honeywell has gradually run down its [illegible] per cent stake in the joint company over the years, to leave its hands free to concentrate on its core controls business.

Bull has at the same time been expanding in North America, culminating with last year's $511.5m takeover of Zenith Data Systems, the microcomputer maker. Apart from Zenith and Bull HN, the other two divisions embrace Bull's French and European operations.

Maxwell sell-off values group at more than £500m

By Clare Pearson and Raymond Snoddy in London

MR ROBERT Maxwell, the publisher, will today launch the flotation of [illegible] per cent of Mirror Group Newspapers in a move designed to raise in the region of £250m.

Mr Maxwell will unveil a tabloid-sized prospectus and the flotation will be promoted with a television advertising campaign featuring the Daily Mirror's famous cartoon character Andy Capp.

The hoped-for £500m-plus valuation of the company compares with the £113m purchase price from Reed International in 1984. Since then, however, there has been a fundamental modernisation programme, including the installation of colour presses and inserting equipment.

The company is expected to unveil operating profits of around £80m a year and a last-quarter performance up on last year, a significant achievement given the depth of the current advertising recession.

One third of the shares will be set aside for UK institutions, one third for overseas institutions, and the rest for British small investors.

Mr Maxwell's recent purchase of the loss-making New York Daily News, which will not be included in the flotation, is expected to heighten US interest in the shares.

The company will be floated as a "pure publishing company" without property but with MGN's main popular titles at its heart: the Daily Mirror, the Sunday Mirror, The People, the Scottish Daily Record and Sunday Mail, and the Sporting Life. It also includes the newspapers' colour presses.

The so-called pathfinder prospectus which is to be published today, will form the basis on which the shares will be marketed to institutions over the next few weeks.

It will include all financial details on the company except the share price, due to be announced on April 30.

Press advertisements start tomorrow, and the Andy Capp television campaign opens on Monday.

Although the Stock Exchange blocked plans to give MGN readers any special priority in the flotation, readers have been encouraged to buy shares with a relatively low minimum investment figure of £250.

Thomson CSF result reflects fall in demand

By William Dawkins

THOMSON CSF, Europe's largest defence electronics group, yesterday provided the latest evidence of the slowdown in military equipment demand, with a [illegible] per cent decline in net profits for 1990.

Net profits fell to FFr2.17bn ($383m) last year, from FFr2.63bn in 1989, the second consecutive year of earnings decline, but fractionally better than the group had earlier forecast. Turnover rose 9.8 per cent, slightly more than expected, to [illegible] from FFr33.69bn over the same period.

Thomson CSF, [illegible] per cent owned by the French government, attributed the profits decline to an increase in restructuring charges, to FFr1.1bn from FFr716m in 1989, plus a reduction in contributions from minority holdings, to FFr717m, down from FFr1.27bn, over the same period. Thomson-CSF is making heavy reductions in its workforce to slim capacity in line with demand.

However, last year's net profit margin came out at 6 per cent as forecast, which Mr Alain Gomez, group chairman, said is among the best in the defence electronics industry.

Thomson CSF is one of the two main divisions of the fully state owned Thomson group, along with Thomson Consumer Electronics, which in February announced a FFr2.7bn net loss, after a FFr1.8bn restructuring charge.

Elsevier sees increased growth in 1992

By Ronald van de Krol in Amsterdam

ELSEVIER, the Dutch publisher, said yesterday that earnings growth will improve from 1992 after slowing to a projected 10 per cent in 1991 because of the company's plans to acquire Pergamon Press, the UK scientific publisher.

In 1990, Elsevier posted a 17 per cent increase in after-tax earnings per share, which the company regards as the best measure of its performance. As reported, net profit soared by 60 per cent to Fl 507m ($268m).

Mr Pierre Vinken, the company chairman, said growth in net profit would slow substantially in 1991 because 1990's net result had been boosted by non-recurring items, mainly the book profits from Elsevier's sale of a [illegible] per cent stake in Wolters Kluwer, a fellow Dutch publisher.

This month, Elsevier also sold its 8.9 per cent stake in Pearson, the UK publishing and banking group which owns the Financial Times. The proceeds of both these divestments will enable Elsevier to finance most of the [illegible] ($787m) purchase of Pergamon, but the Dutch company will also draw on a bridging loan of around £50m.

The loan will be paid back by the end of 1991, enabling profit growth to resume its higher trend, Elsevier said.

Elsevier was already the world's biggest scientific publisher before it announced plans to acquire Pergamon.

● Oce van der Grinten, the Dutch copier and [illegible] systems group, said net profit in the first quarter of 1991 rose by 5 per cent to Fl 19.1m on sales up [illegible] per cent at Fl 585.2m.

The first-quarter result marks a [illegible] improvement from the full year 1990, when net profit was barely changed at Fl 85.7m compared with Fl 84.7m in 1989 because of a rise in financial charges.

However, operating profit, which had showed an [illegible] per cent rise in 1990, fell to Fl 36.1m in the 1991 first quarter from Fl 37.1m in the same period of 1990.

L'Oréal meets forecast with FFr1.69bn

By George Graham in Paris

L'OREAL, the leading French cosmetics group, has met its forecasts with a [illegible] per cent increase in net current profits to FFr1.69bn [illegible] last year, its fifth consecutive year of double digit earnings growth.

The company, whose products range from Elnett hairspray to Helena Rubinstein cosmetics, Lancôme skin creams and Ralph Lauren perfumes, said sales rose to FFr30.4bn, up 12.5 per cent on a comparable basis.

Net attributable profits totalled FFr1.82bn, compared with FFr1.80bn in 1989. Last year's results included essentially only one exceptional gain, a FFr272m clawback from the FFr388m provision made the previous year to cover a dispute with the French tax authorities over the treatment of l'Oréal's royalty revenues, whereas 1989 had included FFr747m of exceptional profits mainly from the sale of its hygiene and comfort divisions.

L'Oréal's hair and skin care products performed particularly strongly in 1990. Although the perfumes division showed a slowdown towards the end of the year and worsened at the start of this year, some perfumes, such as the Ralph Lauren and Paloma Picasso brands, produced strong gains.

Mr Pascal Castres Saint Martin, vice-president in charge of administration and finance, said L'Oréal's improved results stemmed principally from its control of the cost of raw materials and outside services.

"All our outside services were very tightly managed, including advertising costs, which had risen faster than sales in [illegible]. Last year, advertising progressed at around the same rate as sales," he said.

L'Oréal was less affected by currency movements than many of its competitors in the perfume and beauty products sector. Around 44 per cent of its sales are billed in French francs, and a further [illegible] per cent in other currencies belonging to the European Monetary System, Mr Castres Saint Martin explained.

The group's exposure to the dollar is limited because its US activities are conducted, for historical reasons connected with the old French exchange control regulations, through an associate, Cosmair, which it manages but does not own, and from which it receives royalties.

New head named at AP Moller

By Hilary Barnes in Copenhagen

MR JESS SODERBERG was yesterday named to take over as group head of the A. P. Moller shipping, offshore and industrial group, one of the world's biggest shipping companies.

At the same time the group reported a fall in net profits to DKr1.14bn ($178.33m) from DKr1.62bn last year, reflecting a steep increase in taxes to DKr878m from DKr495m. Apart from shipping the group's operations include offshore oil and gas production, manufacturing and retailing.

Mr Soderberg, who is 46, will succeed Mr Maersk Mc-Kinney Moller, whose father, Mr A. P. Moller, founded the group in 1904. Mr Moller, 77, will retire from the company within the next couple of years.

Ciments Français sales slips 2% in three months

By William Dawkins

SALES volumes at Ciments Français, the world's third largest cement maker, fell by 2 per cent in the first three months of the year, but the group does not expect a drop in business for the whole of 1991.

Mr Pierre Conso, the group chairman, warned yesterday that 1991 would be "a year of transition" from the previous five years of growth. Net profits at Ciments Français rose by [illegible] per cent to FFr1.3bn ($229.8m) last year on turnover up by 23.9 per cent to FFr15.45bn.

The group, holder of second place in the French cement industry after Lafarge Coppée – the world's largest – said the downturn in demand was worst in North America, where the group made 16.5 per cent of its sales last year.

Volumes in the US and Canada fell by up to 25 per cent in the first quarter of 1991, reflecting the impact of a hard winter on construction activity, coming on top of the recession, said Mr Conso.

French demand picked up slightly in April, while sales through the first quarter were holding up well in Morocco and Turkey, where Ciments Français is building new plants, as well as in Greece and Spain.

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Merrill Lynch soars 338% as Wall St fortunes recover

By Patrick Harverson in New York

THE EXTENT of the turnround in Wall [illegible] fortunes since the beginning of the year was fully revealed yesterday when Merrill Lynch, the biggest securities house in the US, reported a 338 per cent increase in first-quarter profits, to $181m.

The $1.62-a-share earned by Merrill Lynch in the quarter exceeded the $1.59-a-share reported by the company for the whole of 1990. In the first quarter of 1990, it made a profit of just $41.3m, or 34 cents a share.

The stock market had been expecting good news from the company and, by mid-session, Merrill Lynch shares had risen only $¼ to $39⅝.

An 18 per cent increase in revenues to a record $3.1bn was behind the dramatic improvement in earnings, with income from principal trading business rising 57 per cent to $550m, another all-time high.

The company said trading revenues from swaps, government and agency securities, high-yield corporate bonds, corporate equities, and money market products rose significantly.

Commission revenues also rose sharply, climbing 21 per cent to $521m, a reflection of improved [illegible] conditions, increased demand for securities from investors, and higher transaction [illegible] charged to customers.

Merrill Lynch even turned in a profit on investment banking, [illegible] that has endured [illegible] biggest [illegible]tion [illegible] past 12 months. Revenues from investment banking rose 7 per cent [illegible] $195m, with an [illegible] in [illegible] underwriting of corporate debt and mortgage and asset-backed securities compensating for a decline in merger and acquisition activity.

Asset management and custodial fee income advanced 12 per cent to $191m for the quarter, with assets under fee-based management increasing by a record $11bn to $121bn.

The results of the restructuring of Merrill Lynch that began in 1989 showed through in lower costs for the quarter. Operating expenses, excluding insurance, compensation and benefits, fell 5 per cent to the lowest level for over three years, aided by a 15 per cent reduction in expenditure on advertising and market development.

The number of staff fell by about 800 in the quarter, taking the total jobs shed since the end of 1987 to over 8,000.

Total expenses actually rose, to $2.9bn, primarily because of the rise in commissions paid to financial consultants and account executives and in bonuses paid to other employees.

● Bear Stearns, the Wall Street securities house, yesterday unveiled fiscal third-quarter profits of $57.7m, up 82 per cent on the $34.6m earned a year earlier. Gross revenues were $626.9m, against $587.6m.

Top New York banks held back by loan provisions and write-offs

By Bernard Simon in New York

TWO LEADING New York-based retail bank [illegible] Chemical Banking Corp and Manufacturers Hanover, [illegible] reported substantial declines in first-quarter earnings, largely due to continuing problems with loan portfolios.

Chemical's earnings fell to $87m, or 74 cents a share, from $151.7m, or $1.55, a year earlier. Net of a restructuring charge and a gain from the disposal of a Florida banking group, last year's earnings were $101.7m.

Earnings at Manufacturers dropped to $78m, or 87 cents a share; from $96m, or $1.21.

Chemical's net interest income grew by almost 14 per cent due to the impact of lower interest rates on margins and a higher level of outstanding credit card balances.

However fee and other non-interest income fell by 4.8 per cent as a result of lower trust revenue following the disposal of some businesses late last year, and of lower loan service charges.

Loan write-offs, excluding third world loans, jumped to $120.9m from $69m, and loan-loss provisions rose to $135m from $70m. Non-performing loans, excluding third world debt, stood at $2bn on March 31, a 6.2 per cent increase since December.

Manufacturers' loan-loss provisions have doubled in the past year to $144m. Although several of the bank's businesses have continued to perform well, its overall earnings have also been dented by higher deposit insurance premiums, investment in retail banking systems and the impact of the strong dollar on overseas expenses.

Mounting loan loss provisions, especially in the troubled property market, have also pushed down first-quarter earnings at two leading California-based banks, Security Pacific and Wells Fargo.

SecPac's earnings tumbled by almost a half to $96.5m, or 71 cents a share, from $188.4m, or $1.54, a year earlier. Wells Fargo's income dipped to $152m or $2.86, from $160m, or $3.04, last time.

The one bright spot in SecPac's results was a 16 per cent jump in fee and other non-interest income. However this was more than offset by a 3 per cent drop in interest income, a 7 per cent rise in operating expenses, and a near-doubling in credit loss provisions to $271.1m, from $139.7m.

SecPac's first-quarter provision was $97.9m higher than actual loan losses, excluding third world debt. Losses in the latest three months, totalling $173.2m, were substantially down from the $367.1m suffered in the fourth quarter of 1990.

Non-performing loans were $2.3bn on March 31, up from $2.1bn in December and $1.7bn a year ago.

Wells Fargo's net interest income climbed to $631m from $560m, while fee and other non-interest [illegible] $204m from $200m. Loan loss provisions, however, rose to $85m from $75m, and loan write-offs moved up to $67m, including foreign recoveries of $8m, from $42m.

BP seeks buyer for Texas subsidiary

By Bernard Simon in New York and Deborah Hargreaves in London

BP IS seeking a buyer for Tex/Con Oil and Gas, a wholly-owned Texas-based subsidiary which holds all the British company's onshore natural gas interests in the US, excluding Alaska.

BP Exploration declined to comment on its plans for Tex/Con. However, energy industry sources said the sale would be in keeping with BP's shift of emphasis in its exploration activities from the lower 48 US states to "frontier" areas, such as Alaska and Central and South America.

An analyst in London said Tex/Con is likely to fetch between $650m and $1bn. According to US reports, BP has appointed investment bank J.P. Morgan to handle the sale. Prospective buyers will soon be invited to inspect details of Tex/Con's financial and operating condition in New York and Houston.

Tex/Con's business, which includes exploration, production and pipelines, is centred in Louisiana, Oklahoma and Texas. It has interests in 3,000 wells and operates 1,500 miles of gas-gathering pipelines. Tex/Con produces about 11,800 barrels of oil and 121m cu ft of gas a day.

BP does not disclose revenue or profit figures for Tex/Con. But low natural gas prices, an inability to fully replace reserves, and falling oil production appear to have contributed to BP's disillusion with Tex/Con, which was set up as an autonomous, entrepreneurial venture. Staff has been sharply cut back as part of an effort to reduce overheads.

The company's problems emerged last week when BP announced Tex/Con's chief executive Mr Bill Johnson was taking early retirement. Mr Johnson has been replaced by Mr Bill Sears, formerly vice-president for offshore exploration.

Diversity helps GE to 5% improvement

By Bernard Simon

GENERAL ELECTRIC's diverse mix of businesses enabled it to overcome much of the impact of the recession in the first quarter. The Connecticut-based conglomerate posted a 5 per cent advance in net earnings and showed improved margins.

GE, whose interests range from power turbines to broadcasting, posted net income of $999m, or $1.15 a share, up from $950m, or $1.06 a share, a year earlier. Revenues rose 6 per cent to $13.3bn.

Operating margins widened to 12.1 per cent from 11.8 per cent, the highest ever for a first quarter. The company said its productivity improved at an annualised rate of more than 5 per cent.

Mr Jack Welch, chairman, said that while the company might continue to be cushioned by its diversity, it saw no evidence that the surge in consumer confidence following the end of the Gulf war was being followed by any "meaningful" pick-up in business activity.

The strongest growth in earnings came from what GE calls its "long-cycle" capital goods businesses, chiefly aircraft engines, power station equipment and medical systems.

Earnings at GE Financial Services, which includes GE Capital and the brokerage firm Kidder Peabody, advanced by 15 per cent.

GE said that only NBC, its wholly-owned television network, suffered a significant drop in income in the quarter.

Regulators move in at US insurer

By Nikki Tait in New York

INSURANCE regulators in New York State yesterday took control [illegible] Executive Life [illegible] New York, the smaller of the [illegible] main operating units of [illegible] Executive, the troubled Los Angeles-based life insurer.

The action by the [illegible] Insurance Department followed a similar [illegible] by [illegible] Californian regulators of Executive Life, First Executive's larger operating unit last week.

First Executive is the biggest insurance company debacle the US has ever encountered.

Overall, the California-based company was reckoned to have almost $50bn worth of insurance in force at the end of 1990, and hundreds of thousands of policyholders.

The smaller New York unit alone has some 103,000 policyholders and certificate-holders, and reported earned premiums of $94m last year.

Publicity about First Executive's enormous "junk bond" portfolio – it is believed to be the largest holder of junk after the Resolution Trust Corporation – in the wake [illegible] Drexel Burnham Lambert bankruptcy a year ago, lead to a wave of policy surrenders at the company. The insurer's problems were compounded when [illegible] sales network disintegrated.

Action by the New York regulators against the Executive Life New York unit was widely expected.

The insurance department [illegible] last [illegible] it was complet[illegible] a study [illegible] the unit's financial condition, and expected to make a decision on the operation's immediate future earlier this week.

Earlier this month, as worries about First Executive's financial condition mounted, the New York department told Executive Life to stop writing new [illegible] bolster [illegible] reserves by $125m.

Yesterday's [illegible] against the unit involved the insurance department petitioning [illegible] New York State Supreme Court [illegible] the authority [illegible] take possession of the insurer and directly oversee its operations.

While the court considers a permanent order, it issued a temporary restraining order, placing the company under the authority and control of Mr Salvatore Curiale, the New York superintendent of insurance.

[illegible] regulators immediately suspended all policy surrenders and policy loans at Executive Life [illegible] York. They stressed that the unit was not insolvent, but said they were worried that speculation about the company's future might lead to a "severe cash-flow strain and dissipation of the company's [illegible]. Surrenders have risen from [illegible] a day a few weeks ago, to over 400 a day.

The regulators' aim is to "rehabilitate" the unit. Mr Curiale said yesterday a group of New York companies, headed by Metropolitan Life, the second largest US insurer, had stepped forward to help manage the company and advise the department.

[illegible] none [illegible] companies have offered to buy [illegible]utive Life New York outright.

Merck surges 20% on improved sales

By Karen Zagor in [illegible] York

[illegible] drugs helped Merck, [illegible] pany, [illegible] post a [illegible] per cent improvement in first-quarter earnings, on sales that rose 17 [illegible] cent.

The company had [illegible] income of [illegible] $1.25 a share, in the three months ended March 31, compared with $403.8m, or $1.03, a year earlier. Sales were $2.05bn, against $1.76bn.

Mr Roy Vagelos, chairman and chief executive, attributed the improved earnings to strong [illegible] volume gains, [illegible] product mix, [illegible] controls, productivity improvements and a lower tax rate.

Sales and earnings [illegible] helped by a favourable exchange rate, which [illegible] sales in the quarter by 3 percentage points. Sales outside the US accounted for 45 per cent of the first-quarter total, the same proportion as the previous year.

On Wall Street, Merck's results underlined the relative safety of the drug sector, and its shares added $1 to $110¼ at mid-session yesterday, just shy of their 52-week high of $110⅞.

During the 1980s, Merck paced the industry in introducing new drugs, and its first-quarter results reflected the strong sales of a range including Mevacor, Vasotec, Zocor, Prinivil and Vaseretic.

Merck said yesterday it had filed a new drug application with the Food & Drug Administration (FDA) for its Proscar drug to treat benign prostate enlargement. The condition afflicts about 60 per cent of all men over 50. The drug could bring in annual sales of $1bn by [illegible] end [illegible] the [illegible]

American Home Products, another big US drugs [illegible], [illegible] reported improved first-quarter earnings and underlying sales yesterday.

The company, which sold its household products and depilatory businesses [illegible] June, had net income [illegible] $1.12, compared with [illegible], or $1 a share, a year ago.

Net sales slid 3 per cent to $1.76bn from $1.81bn. However, after stripping out discontinued businesses, sales rose by $133.2m, or 8 per cent, in the 1991 quarter.

Eli Lilly lifts net by 14% to $495.8m

By Nikki Tait

ELI LILLY, the large US pharmaceuticals company, unveiled a 14 per cent advance in first-quarter after-tax profits, in line with the general strength of the drugs sector.

The group made $495.8m in the three months to the end of March, compared with $430.1m in the same period a year ago.

The profit figures were scored on sales of $1.44bn, up 16 per cent on the previous year's figure. Eli said the improvement derived largely from volume increases in its domestic and international markets.

Among the main product contributors were Axid, which treats ulcers; Ceclor, an antibiotic and Eli Lilly's top seller; Humulin, a genetically-engineered insulin; Humantrope, a growth hormone also genetically-engineered by Eli Lilly; and Prozac, the anti-depressant, which has run into controversy, provoking lawsuits which claim the drug has harmful side-effects.

Eli Lilly acknowledged that cost increases outstripped sales growth in the quarter, saying the rise in marketing and administrative expenses from $303.6m to $365.7m reflected added promotional costs on newer products.

US telecom group slides

By Louise Kehoe in [illegible] Francisco

UNITED Telecommunications, the US long-distance telephone company, unveiled a sharp decline in first-quarter earnings yesterday, while Pacific Telesis, the West Coast regional telephone company, saw first-quarter earnings rise modestly.

UT's income fell to $84m, or 38 cents per share, from $108m, or 51 cents, in the same period a year ago. Revenues were ahead to $2.2bn, up 7 per cent from $2bn a year ago.

Operating profit at Sprint, the long distance division, was $52m on revenues of $1.3bn for the quarter, against $51m on revenues of $1.3bn in the preceding quarter.

Sprint's increased traffic volumes were offset principally by a decline from strong fourth-quarter data systems sales.

At Pacific Telesis, first-quarter income rose 1.5 per cent to $266m, from $262m in the same quarter a year ago. Earnings per share were 68 cents, up 4.6 per cent from 65 cents. Revenues were $2.41bn, compared with $2.37bn in the first quarter of 1990.

Pacific Bell, its principle telephone subsidiary, reported net income for the quarter of $245m, up slightly from $242m in the first quarter of 1990. Revenues for the quarter were $2.16bn, compared with $2.12bn in 1990.

Boise Cascade fears worst

BOISE Cascade, the US forest products group, suffered a loss in the first three months of this year and has warned that its performance in the current quarter may be even worse, writes Bernard Simon.

Weak markets, exacerbated by higher costs and interest rates, pushed the company into a $16.9m, or 53-cents-a-share, loss compared with a $33.6m, or 73-cents, profit a year earlier. Sales slipped to $992.7m from $1.1bn.

As part of its response to the recession, Boise is cutting its capital spending budget [illegible] about $300m this year, only slightly more than one third the 1990 level. The $2bn it spent on capital investment in the past three years is the chief [illegible] higher first-quarter [illegible] and depreciation charges.

The [illegible] prices [illegible] been eroded for most grades of paper it produces, and its wood products. Uncoated white papers, its largest single grade, have been especially hard hit.

Square D 'ignoring will of investors' says Schneider

By Barbara Durr in Chicago

SQUARE D, the Illinois electri[illegible] products maker, is counting on several important obstacles to thwart Schneider's bid to gain control of the company. Schneider of France announced this week it had been tendered 78.1 per cent of Square D's shares and [illegible] hostile tender offer of [illegible] per share, or $1.9bn, until May 3.

Mr Didier Pineau-Valencienne, Schneider chairman, said Square D was neglecting its shareholders' will by refusing to remove barriers to the transaction.

First, Square D's board would have to waive the company's obligation under the strict hostile takeover law of Delaware, where it is incorporated. Under that law, a hostile bidder [illegible] a company must acquire [illegible] least 85 per cent of the shares.

The board would also have to lift a poison pill provision that makes a takeover prohibitively expensive. However, it refuses to remove these conditions, effectively preventing Schneider from purchasing the tendered shares.

Schneider [illegible] launched a proxy fight [illegible] change the board [illegible] the company's annual meeting on May 24. The large amount of tendered shares would appear to enhance Schneider's proxy efforts, but the path is hardly clear even if it succeeds in obtaining the required simple majority [illegible] proxy [illegible]

Schneider's first [illegible] of nominees for the Square D board is the subject of a lawsuit in which Square D alleges the candidates would violate the interlocking directorates provision of US anti-trust statutes. A hearing in the US District Court of New York is due on May 13.

INTERNATIONAL COMPANIES AND FINANCE

The real thing returns to India

Gita Piramel on Coca-Cola's move into a market of 860m consumers

For parched Coca-Cola aficionados in India and deprived of the real thing, happy days may be on the horizon.

Talks aimed at reintroducing the fizzy drink into India are under way between Coke and Britannia Brands, [illegible] Asia-Pacific snack food processor with annual sales of $400m.

"Yes, it is true that talks are going on, but it is too early to make a comment," said Mr Rajan Pillai, UK-based [illegible] of Britannia Brands.

His reluctance [illegible] the media is understandable given the project's political [illegible]ity.

In fact, this is the US group's third [illegible] attempt [illegible] back [illegible] a [illegible] it walked away from in 1977 following an Indian requirement that most foreign companies reduce their equity holdings in subsidiaries [illegible] 40 per cent. Both Coke and IBM immediately pulled out of India.

[illegible] since PepsiCo, [illegible] rival, acquired a toehold in India, one of the fastest growing soft drink markets in the world, Coke quickly modified its scruples. At [illegible] time [illegible] left India, sales barely nudged 20m cases. Last year, sales bubbled up to more than 110m cases, according to industry specialists.

Coke's logo may soon be a familiar sight in India

To breach the heavily-fortified market, the US multinational shopped around [illegible]. Once it became known that Coke [illegible] looking [illegible] an [illegible] partner, a fiery fight broke [illegible] among local businessmen.

Godrej (India's biggest privately-controlled business house), Parle (the biggest soft drink manufacturer with 70 per cent [illegible] the local market) and Pure Drinks (Coke's pre-[illegible] distributor) were [illegible] the [illegible] contenders.

It appears [illegible] Mr Pillai won [illegible] two points: his [illegible] in Delhi's political corridors; and Britannia's far-flung snack food empire with manufacturing facilities in six Asian and Pacific countries.

Britannia, in fact, is probably a rare Indian group which can tailor its application in line with Indian government regulations with their heavy export commitment clauses. In return for permission to bottle and sell Coke in India, Mr Pillai has guaranteed export [illegible] of Rs8bn [illegible] spread over 10 years.

This will be done by moving an extruded potato crisp plant from Singapore to India, probably in [illegible] high priority-investment [illegible] in Maharashtra. "This plant is already selling Rs300m worth of crisps worldwide. So we are offering real production and sure exports, not pie in the sky," said Mr Pillai. However, it may be some time before Coke arrives on the [illegible] Indian [illegible]

With Indian elections scheduled [illegible] May 23, neither businessmen, politicians nor bureaucrats [illegible] to pick up more hot [illegible] than they have to.

Even if and when production starts, success is shaky. Its been a [illegible] time – more than 13 years – [illegible] the Indian population of 860m had access to Coke. [illegible] there [illegible] whole [illegible] generation bred [illegible] the taste of rival brands.

Can Coke's world-famous brand wean the new [illegible] generation away from the highly popular Indian brands?

Going by Pepsi's latest experience (in a venture with the Tatas and the Punjab state government, the company launched Lehar-Pepsi across India last year), this is going to be a big problem for foreign colas.

Last month PepsiCo's Indian operation reported a 1990 loss of Rs130m.

Nonetheless, the Indian soft drinks market is worth Rs10bn a year and is growing.

Malaysian tin miner to cut dividend

By Lim Siong Hoon in Kuala Lumpur

MALAYSIAN Mining Corporation (MMC), [illegible] largest tin mining group, has suffered [illegible] year [illegible] the 1985 collapse of the tin market [illegible] plans [illegible] cut its dividend.

Group operating profits collapsed to M$4.6m (US$1.67m) from M$53m, following a [illegible] on tin mining operations. Bolstered by improved dividend income, pre-tax profits emerged at [illegible] compared with M$120m a year earlier.

Group turnover fell to M$1.1bn from M$1.6bn, despite improvements at its associates where turnover rose marginally to M$408m from M$382m.

Attributable profit was 39 per cent lower at M$83m. The [illegible] cutting its dividend to M$14m from [illegible], with a second-half proposed dividend [illegible] 10 cents a share.

[illegible] Perlis [illegible], the big sugar and flour group, [illegible]day reported higher [illegible] and turnover. Operating profit for 1990 rose [illegible] per cent to M$168m (US$61m) on a 28 per cent [illegible] to M$2.6bn.

Helped by [illegible] dividend income, pre-tax profit increased to M$204m from M$157m. The dividend is being held at [illegible] per cent.

Australian gold producer [illegible] 65%

NEWMONT Australia, [illegible] mining group, [illegible] increased net profit by [illegible] A$14.3m [illegible] first [illegible] of 1991 compared [illegible] quarter of 1990, Reuter reports from Melbourne.

Mr John Quinn, managing [illegible] told the annual [illegible]ing the result was encouraging as Newmont made an allowance for the provision of tax liabilities accruing from January 1 this year.

Newmont Australia, 23 per cent owned by the Broken Hill Proprietary and 14 per cent by Newmont Mining Corporation [illegible] US, bought BHP [illegible] Mines for A$450m last year.

Mr Quinn said the result was assisted by an average realised gold price of US$558 an ounce, which was almost US$82 above average spot gold prices in the quarter, due to hedging.

Mr Quinn said production rose to 166,339 ounces in the first quarter from 73,171 ounces a year earlier, but the weighted average cost of gold rose to US$344 an ounce from US$336.

He said although [illegible] gold price was lower than in the recent past, production was falling and industrial demand rising.

Newmont Australia, Australia's [illegible] pure gold miner, [illegible] aiming for production of 750,000 ounces in the [illegible] calendar year, compared with around 365,000 ounces in 1990.

"We [illegible] anticipating further [illegible] production growth from [illegible] mines in [illegible] Mr Quinn told the meeting.

Newmont Australia's net profit rose [illegible] A$47.7m in 1990 from [illegible] in [illegible], but it made a A$253.5m extraordinary write-off on BHP Gold assets in 1990.

SA pulp and paper maker down 38%

By Philip [illegible] in Johannesburg

SAPPI, South Africa's largest pulp and paper manufacturer, reported a 38 per cent drop to R374.7m ($138m) in net earnings in the year ended February, 1991.

This follows a 44 per cent decline in the first six months, at R182.6m down from R326.8m.

That result was affected by a series of labour and production difficulties and weaker prices for its products.

The latest results saw turnover drop 2 per cent to R2.67bn from R2.73bn.

Mr Eugene von As, managing director, said: "World markets were against us, with steadily declining selling prices in international markets, and a depressed market at home."

He added: "And we had to contend with a full year of a stronger rand and high interest rates."

A feature of the year was the establishment of Sappi [illegible] following the acquisition of five paper mills in the UK and the acquisition of the Hong Kong based [illegible] Pulp Trading (SPT).

The latter holds contracts to distribute all [illegible] denominated sales.

Mr von As said the turnover contribution of Sappi's offshore associates was about an addi[illegible] R1bn.

Mr von As said Sappi Europe, the launching pad [illegible] the [illegible] planned growth into the European market, hoped to consolidate its position both organically and by acquisition.

Looking ahead, he predicted a modest increase in earnings in the current 12 months.

He said [illegible] markets [illegible] paper and pulp remained soft with dollar prices for the main grades currently 19 per cent below levels a year ago.

Earnings per share for last year fell to 402 cents from 650 cents.

Sappi is maintaining its dividend at 300 cents a share.

هدية من الأهل

INTERNATIONAL [illegible] MARKETS

Bank hopes five-year stock will [illegible] benchmark

By Sara Webb

THE Bank of England announced that it would offer a £1.2bn tranche of 10 per cent conversion stock due 1996 for auction on April 24 which it hopes will create a five-year benchmark.

The auction will increase the amount available of 10 per cent conversion stock due 1996 to £3bn. A representative of the Bank said that it would help to create a needed five-year benchmark against which investors could compare foreign bonds such as five-year French government securities and German five-year bunds.

The tranche will also provide liquidity for the interest-rate swaps market, in which five-year maturities are considered the most important.

Swaps between floating rates and fixed rates require a steady flow of fixed-interest payments. The fixed-rate payments are provided by gilts over a range of maturities, although five-year gilts are the most commonly used.

However, the Bank has been buying gilts during the last three years and has only recently announced a regular programme of issuing large amounts of gilts to allow the government to meet its borrowing requirements. Hence the amount of stock available for swaps has decreased.

The Bank said that applicants whose competitive bids were accepted would be allot[illegible] stock at their bid price.

The issue is partly paid at issue, with 50 per [illegible] payable on May 28. Traders said that if the gilts market strengthened in the next few days, investors might be attracted by the issue being partly paid as this provides them with the opportu[illegible]ty [illegible] gear up.

The gilts market has been weak recently, however, and traders pointed out that the flood of rights issues and sterling Eurobonds in recent days might mean that the market [illegible] digesting the [illegible].

The auction will [illegible] that the Bank of [illegible] held since Augus[illegible] it auctioned 8½ [illegible] sury stock due [illegible]. 1987-88, the Bank [illegible] called an "experimental series" of four auctions combined with gilts issues.

The dividend dates on the new tranche are May 15 and November 15. The gilt matures on November 15 1996.

German bonds hit by wave of heavy futures selling

By Sara Webb in London and Patrick Harverson in New York

HEAVY selling of German government bonds in the cash and futures markets yesterday afternoon pushed prices down.

Traders expressed surprise as the London International Financial Futures Exchange Bund future moved through a half-point range yesterday to close at 85.46, suggesting significant selling.

The spread between 10-year German bunds and 10-year French government securities narrowed to less than 50 basis points. Traders said there had been a narrowing of the spread in recent days as dealers had marked down prices in the German market more swiftly than in the French.

Some traders pointed out that the narrowing of the spread could tempt investors to switch into German bunds. Investors have been selling German bunds and buying Spanish bonds and UK government bonds.

There are hopes of further interest-rate cuts in these markets, whereas in the German market the Bundesbank might raise the official interest rate when its council meets on Thursday.

BENCHMARK GOVERNMENT BONDS

		[illegible]	[illegible]	Price	Change	Yield	Week ago	Month ago
UK GILTS		[illegible]	09/92	103-21	-02/32	[illegible]	[illegible]	[illegible]
		9.000	03/00	93-23	-03/32	[illegible]	9.97	10.21
		9.000	10/08	[illegible]	-02/32	9.84	9.75	9.98
[illegible] *		[illegible]	[illegible]	[illegible]	-03/32	7.98	7.99	8.04
		[illegible]	[illegible]	[illegible]	-04/32	8.14	8.17	8.23
[illegible]	No 119	[illegible]	[illegible]	99.4513	[illegible]	[illegible]	[illegible]	[illegible]
	No 129	6.400	03/00	98.8992	+0.331	6.65	6.67	6.59
GERMANY		9.000	01/01	103.9500	-0.450	8.38	8.31	8.38
FRANCE	BTAN	9.000	02/96	99.8063	-0.114	9.03	9.06	9.11
	OAT	9.500	01/01	104.1500	-0.210	8.83	8.88	8.94
CANADA *		9.750	06/01	101.3250	-0.725	9.54	9.44	9.55
NETHERLANDS		8.500	03/01	99.4800	-0.590	8.58	8.52	8.65
AUSTRALIA		13.000	07/00	111.0138	-0.248	11.08	11.34	11.46
BELGIUM		10.000	08/00	105.2500	-0.150	9.12	8.95	8.96

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■ UK GOVERNMENT bond prices slipped to close down on the day, having increased slightly as news of the Bank of England's gilt auction were announced [illegible]terday afternoon.

As prices rose, some dealers [illegible]. The [illegible] not helped by the poor performance of the US and German markets.

The Bank of England announced that it was to auction a further £1.2bn tranche of 10 per cent conversion stock due 1996 on April 24. The existing stock closed down ⅛ point, as did the benchmark 11¾ per cent gilt due 2003/07.

The existing 9 per cent Treasury stock due in 2008 closed at 93⅛. The Bank offered a further £800m of the stock last week with a minimum tender price of 94½, which was undersubscribed, and the market is speculating that the Bank may have to cut the minimum tender price.

■ JAPANESE government bond prices rallied in response to a domestic news report that the Bank of Japan would ease monetary policy.

The yield on the benchmark No 129 10-year government bond fell from 6.72 per cent at Monday's close to a low of 6.615 per cent on the news. However, a Bank of Japan official later denied the story and emphasised the Bank's commitment to tight monetary policy. The yield closed in Tokyo at 6.635 per [illegible]

Traders in London said they expected to see some profit-taking at the long end of the market with investors switching into medium-dated bonds. Yen weakness prompted some light selling among European investors, traders said.

■ US GOVERNMENT bond prices eased at both ends of the maturity range yesterday morning in spite of some bad economic news, which [illegible] normally boost Treasury issues.

By midday the benchmark 30-year bond was down ⅛ at 97, yielding 8.137 per cent. The two-year note was also slightly easier, down ⅛ at 100⅜, to yield 6.879 per cent.

Government figures released in the morning showed industrial production falling 0.3 per cent in March and housing starts – currently regarded as a useful indicator of economic trends – declined 9.8 per cent in the month.

That bond prices did not firm on negative economic news suggests that the lack of an interest-rate cut from the Federal Reserve [illegible] worry dealers and investors.

The Fed arranged two-day repurchase agreements [illegible] day, but with Fed funds opening at 6⅛, the intervention was designed to push the rate down to its target of [illegible] per cent.

D-Mark warrant launched by Amex

THE American Stock Exchange (Amex) yesterday launched a new D-Mark warrant [illegible] meet demand from US investors for a financial instru[illegible]nt that reflected the [illegible]anged economic conditions of united Germany, writes Patrick Harverson.

The D-Mark currency warrant – which trades like a call option and fluctuates in value as [illegible] dollar rises or [illegible] against [illegible] D-Mark – carries [illegible] strike price of DM1.7 and expires on September 30 1992. Issued by Merrill Lynch, it is the first D-Mark product launched by the [illegible] since the reunification of Germany last year.

Amex said that investors had been seeking an instrument that took into account the effect on the D-Mark of German unification. The warrants would allow investors to participate in long-term investment [illegible] strategies, said Amex.

The price rose $⅛ to $3⅛ on turnover of 6,100 warrants by midday.

Reduced competition lifts BFCE

BANQUE Française du Commerce Extérieur (BFCE), the French foreign trade bank, recovered strongly last year due to slightly less intense competition from other banks, writes George Graham in Paris.

Gross operating profit rose 38 per cent to FFr391m ($69m), on net banking income 7 per cent higher at FFr1.79bn.

Average lending margins, which had fallen by a percentage point over the previous four years, increased slightly to 64 basis points last year, and the bank is experiencing a stronger improvement in the early months of this year. Without a deposit base, BFCE has faced fierce competition in the corporate market from high street banks.

However, all last year's income was used to boost BFCE's provisions for bad debts, where the bank is still trying to improve its cover.

BFCE received FFr1.38bn last year from its shareholders to cover its sovereign debt risks, as part of a capital restructuring. That resulted in Assurances Générales de France (AGF), the state-owned insurer, becoming its main shareholder with 43 per cent, alongside Crédit Lyonnais, the state-owned bank, with 24 per cent.

However, the bank devoted more than FFr200m extra to sovereign risk provisions at the end of the year from its earnings, and FFr153m for specific customer provisions and FFr30m to cover falls in the value of its securities portfolio.

This brings BFCE's provisions to 51 per cent of its sovereign debt exposure, less than most other major French banks but enough to enable it to take its third world debt portfolio off its balance sheet.

The bank now plans to do this by the end of this year, using a combination of an offshore trust backed by US Treasury bonds, and a system of options to sell.

BFCE is currently turning its corporate finance division into a subsidiary, and is looking for partners from Germany, Italy, Spain [illegible] the [illegible] to take stakes of about FFr80m to FFr100m each.

Then BFCE plans to seek a major foreign bank which might take a stake in the parent company.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on April [illegible]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101⅞	102⅜		7.91
ALBERTA PROVINCE 9 3/8 95	400	103⅞	104⅜	-⅛	8.29
AUSTRIA 8 1/2 00	400	99⅛	99⅝		[illegible]
BANK OF TOKYO 8 3/8 96	200	99⅛	99⅝	-⅛	[illegible]
BELGIUM 9 1/8 92	400	101⅝	102	-⅛	7.90
BFCE 7 3/4 97	150	98⅛	98⅝	+⅛	8.13
BNP 8 5/8 94	300	102	102⅜		[illegible]
BP CAPITAL 9 5/8 95	150	102⅞	103⅜		[illegible]
CANADA 9 96	1000	103⅝	104	-⅛	[illegible]
CARCO 9 1/4 95	650	100⅛	100⅝	+⅛	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINSBK INT 7 94 LFr	600	[illegible]	[illegible]		9.45
KREDIETCORP 7 93 LFr	1000	[illegible]	[illegible]		9.61
WORLD BANK 8 96 LFr	1000	[illegible]	[illegible]		9.12
ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅝		9.81
BCE INC 9 5/8 93 C$	300	99⅛	99⅝		10.04
BELL CANADA 10 5/8 99 C$	150	100⅞	101⅜	-⅛	10.44
BRITISH COLUMBIA 9 1/4 93 C$	150	99⅛	99⅝	+⅛	9.68
EIB 10 1/8 98 C$	130	101⅛	101⅝	+⅛	9.96
FORD CREDIT CANADA 10 94 C$	100	98⅛	98⅝		10.61
GENERAL ELECT CAP 10 1/4 93 C$	175	101	101⅜	+⅛	9.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars [illegible] otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate [illegible] for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Hanson £500m issue well received

By Simon London

THE £500m convertible capital bond issue launched yesterday by Hanson, the UK industrial conglomerate, underlines the demand [illegible] international investors for equity-linked paper.

The [illegible] was by far the biggest sterling convertible bond issue [illegible] launched in the international market and was aimed mainly at continental European institutional investors.

Participants reported [illegible] positive [illegible] from institutional investors. Since [illegible] group has [illegible] market capitalisation of £10.5bn ($18.9bn), or [illegible] per [illegible] FT-SE 100 index, exposure to Hanson provides a good proxy for investment in the UK equity market as a [illegible]

The bonds also convert into Hanson American depositary receipts, which may attract US institutions into buying the convertible bonds in the secondary market.

The conversion premium of 15 per cent at launch was high by the standards of recent Euroconvertible issues. Analysts suggested that this might have saved Hanson's share price from the "skid" – investors switching out of the ordinary shares and into the bonds – which has followed other convertible issues.

Indeed, speculation that the bond issue might presage further acquisition activity by the company pushed Hanson's share price up initially. The price later fell back and the shares closed down 5p on the day at 220p against a weaker stock market.

Although the bonds finally mature in 2006, investors yesterday assessed the issue on the assumption that the paper would be called after five years. Analysts [illegible] UK houses commented that the bonds looked slightly expensive, assuming that the five-year call option would be exercised.

However, many continental European investors were attracted by the 9½ per cent coupon and regarded the option of conversion into equity as a bonus. Demand from continental Europe supported the issue and the bonds traded above the issue price of par throughout the day.

Credit Suisse First Boston, which lead managed the transaction, opted to structure the issue as a bought deal with a syndicate of four banks.

CSFB said that the small syndicate was necessary to maintain tight control of the deal. The terms had been fixed before the launch, exposing the underwriting banks to considerable risk.

The success of the deal may prompt other UK companies to consider issuing convertible bonds in the international market. However, the size of issues is limited by rules imposed by UK institutional investors, under which existing shareholders must be offered clawback if the share capital of the issuer is enlarged by [illegible] than 5 per cent.

● Roche Holdings, the [illegible] pharmaceuticals giant, said yesterday that its US subsidiary would launch a $1bn warrant bond issue in the international bond market. Swiss Bank Corporation was said to be lead manager but declined to comment on the issue's timing.

Hopes of currency rise spark dollar deals

By Simon London

THREE tightly-priced Eurodollar bond issues were launched in the international bond market yesterday, hoping to [illegible] those [illegible] expecting [illegible] in the value of the US currency.

The biggest deal of the day came from SBAB, the Swedish National Mortgage Association, which launched a $400m six-year bond issue lead managed by Nomura International.

The bonds carry an 8¼ per cent coupon, the highest of the three [illegible] yesterday, and were priced [illegible] yield [illegible] points [illegible] the US Treasury bond yield curve.

SBAB is rated Triple-A by Standard & Poor's, the US credit-rating agency, and few other borrowers of this credit quality offer such [illegible] wide yield spread over Treasuries. For example, Italy's six-year Eurodollar bonds trade [illegible] a spread [illegible] about 59 basis points.

However, participants in the deal commented [illegible] demand for dollar paper was at the shorter three-year to five-year maturities. The lead manager held the deal at the fixed reoffer level until the close of trading.

At the [illegible] three-year maturity, Union Bank of Finland came with [illegible] $200m deal lead managed by Morgan Stanley International.

The bonds carry an 8 [illegible] cent coupon and were reoffered to investors at the fixed price of 99.75, where the yield spread over Treasuries is [illegible] points.

The lead manager reported strong buying [illegible] from institutional investors [illegible] have until recently declined [illegible] buy paper issued by banks and corporations. Investors switching into dollar bonds in anticipation of currency gains were attracted by the short maturity.

However, co-managers in the deal experienced slow going and the deal was again held at the fixed reoffer price throughout the day.

Daimler-Benz, the German industrial conglomerate, launched a $250m five-year deal lead managed by Deutsche Bank Capital Markets. The [illegible] per cent bonds were priced to yield 49 basis points over US Treasuries.

Daimler-Benz is not rated by [illegible] credit-rating agencies, but [illegible] generally regarded by investors as having triple-A credit quality and is one [illegible] the [illegible] European companies to tap the market regularly.

In addition to institutional demand, the lead manager expected substantial placement among German and Swiss retail accounts.

The supply of sterling bonds was maintained by Nippon Telegraph [illegible] Telephone, which came with [illegible] 10-year issue lead [illegible] by Warburg Securities. On Monday, Warburg [illegible] managed [illegible] £150m 10-year deal for Export-Import Bank of Japan, the first Japanese issuer in the sterling market for some years.

Yesterday's [illegible] was priced [illegible] yield 50 basis points [illegible] the 10 per cent UK government bond maturing 2001 – four basis [illegible] than for Ex-Im Bank.

The lead manager said that about 70 per cent of the issue had been placed with UK institutions keen to gain exposure to one of [illegible] world's [illegible] companies.

INTERNATIONAL BONDS

[illegible] INTERNATIONAL [illegible] ISSUES

[illegible]	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
[illegible] Nat.Mtge.[illegible].(a)†	400	[illegible]	99.846	[illegible]	27.5/20bp	Nomura Int.
[illegible] Metal Mining(a)♦	300	[illegible]	100	[illegible]	2¼/1½	Daiwa Europe
Daimler-Benz Nth.America(a)†	250	[illegible]	101.46	[illegible]	1⅞/1⅛	Deutsche Bk Cap.Mkts.
Union Bk of Finland(a)†	200	8	100.925	[illegible]	1⅞/1.325	Morgan Stanley Int.
Taihei Kogyo Co.[illegible]	100	4	100	[illegible]	2¼/1½	Daiwa Europe
STERLING						
Hanson(b)§†	500	9½	100	2006	2½/1½	[illegible]
Nip.Telegraph & Telephone(a)†	100	[illegible]	99.57	[illegible]	35/20bp	SG Warburg Secs.
SWISS FRANCS						
Kommuninvest(a)†	115	[illegible]	102½	1996	-	SBC
Yasuda Real Estate(a)★★†	30	7¾	100	1996	-	Fuji Bank (Schweiz)
YEN						
World Bank(a)†	15bn	7	100.46	[illegible]	½	Norinchukin Int.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) [illegible] from 30/4/91 at par, if more than 85% of issue is converted, then callable at par after 5 years at anytime. Conversion premium fixed at 15%. Coupon payable half-yearly.

Goldman Sachs sets commodity index

By Barbara Durr in Chicago

GOLDMAN SACHS, one of Wall Street's leading investment banks, has developed a commodity index that it hopes will lure more institutional investors into the often topsy-turvy futures markets.

The index provides a needed performance benchmark for investors, according to Mr Timothy O'Neill, a Goldman Sachs partner, and this should help increase the attraction of commodities as an asset class.

The Goldman Sachs Commodity Index (GSCI) will include futures on 18 physical commodities and will measure total return, including both price change and yield, with comparisons to returns from equities and bonds.

Energy and food products account for nearly 90 per cent of its value, with industrial and precious metals making up the balance.

The GSCI is intended as an aid for investors to hedge their portfolio risks against inflation and, because commodities are countercyclical to returns on bonds and equities, provide some portfolio insurance against drops in other markets.

Many institutional investors [illegible] hesitated to make commodity investments because of the "speculative, fighter-pilot image" of the industry, [illegible] Mr O'Neill.

But these apprehensions can be put to rest by an index that measures the performance of these markets just as other indices do for bonds and equities, he said.

The GSCI will compete [illegible] an index by the Commodity Research Bureau, a division of the Knight Ridder Financial Publishing Group, and an index by Dow Jones.

Goldman Sachs may also develop products [illegible] as an investment fund based on the GSCI.

Through [illegible] J. Aron Currency and Commodities Division, the bank is one of the world's largest trading and advisory firms in the markets [illegible] petroleum products and precious and industrial metals.

One firm's bright Chicago future is another's gloom

Barbara Durr finds that groups too small to survive are being bought – many of them by the Japanese

Falling commissions, increasing [illegible] and slimmer-than-ever prof[illegible] have led many [illegible] of the Chicago futures industry to predict that the number of futures trading firms will decline in the next few years to about 150 from the present 400.

Some of the biggest players in this realignment are expected to be Japanese. Mr Leo Melamed, who last year retired from executive duties at the Chicago Mercantile Exchange, recently sold control of his family firm, Dellsher, to a Japanese bank, Mitsui Taiyo Kobe Bank (MTKB).

Mr Melamed has long predicted that large well-capitalised firms would increasingly dominate the market, leaving small firms to go bust, sell out or exist only as niche players. "I was one of the firms that was going to be extinct if I didn't take my own advice," he [illegible]

With 55 employees and $11m in capital, Dellsher is [illegible] player. MTKB says it looked at several other Chicago futures commissions and [illegible] the option of setting up its own in-house futures unit. It decided on Dellsher because of the price – undisclosed – [illegible] the deal and [illegible] Mr Melamed's prestige.

According to Mr Tomohiko Sumihara, vice-president of business management in New York for MTKB, [illegible] Japanese firms which began futures units in Chi[illegible] had trouble "being accepted in that circle". He believes that the Melamed name will smooth [illegible] path. Purchasing Dellsher was also less costly than developing its own expertise, said Mr Sumihara.

MTKB – which, with total assets of $402bn in 1990, ranks as Japan's second largest bank – is keen to offer the full menu of services [illegible] its clients. Last December, it formed MTK Global Capital, a derivative products subsidiary. [illegible] Dellsher will come in handy [illegible] help lay off risks incurred through, for example, over-the-counter currency and interest-rate swaps.

MTKB['s] splash into [illegible] go's markets is part of a steady

Leo Melamed: followed his own advice to avoid extinction

stream of Japanese companies and banks since 1987, when the Japanese government loosened regulations to allow firms to trade foreign futures. The "big four" [illegible] the [illegible] – Daiwa, [illegible] Nomura and Yamaichi – have chosen to establish in-house futures expertise.

Nomura has adopted a strategy [illegible] head-hunting big-name New York talent [illegible] stars in Chicago. Unlike other firms that have kept most of their authority in Japan, Nomura has given its US team free rein. [illegible] result, the Nomura futures unit has become profitable [illegible] a short time, said Mr Robert Fitzsimmons, Nomura's Chicago chief.

The president of Nikko Secu[illegible] International, Mr Masumi Yamaguchi, [illegible] that when his firm [illegible] Chicago partner, it found [illegible] small trading [illegible] were [illegible] privately held without public disclosure [illegible], making [illegible] investigation of their creditworthiness [illegible] the quality of [illegible] base difficult.

[illegible] has [illegible] an [illegible] sive [illegible] firm: it was [illegible] first to open [illegible] own office and the [illegible] launch [illegible] futures fund [illegible] investors. Daiwa has also sold a futures fund for Japanese investors and [illegible] it [illegible] with [illegible] business.

Japanese futures funds are kept offshore by Japanese regulatory [illegible]. But [illegible] could change due to [illegible] law [illegible] in Tokyo.

If it does, Chicago is expected to attract much of that new Japanese trading. Japan only has a limited financial futures market of Japanese government bonds and [illegible] index futures.

However, [illegible] regionalist trends hold, Japan's markets [illegible] develop later and take back some of that business, according to Mr [illegible] Lane, president of Discount Corporation of New York Futures.

Mr Lane expects the futures industry worldwide to divide into three main spheres [illegible] trading – Europe, the US and Japan. Eager for experience [illegible] expertise, Japan's role in Chicago is likely to grow.

French Treasury replaces Ecu bond

THE French Treasury is to offer [illegible] new 8.5 per cent Ecu bond (OAT) [illegible] exchange for [illegible] per cent Ecu bond due 1997, Reuter reports from Paris.

The offer will be open to professional dealers until April 24 and to individuals until [illegible] 30.

It will be managed by Crédit Lyonnais and Crédit Commercial de France.

The Finance Ministry said the operation would lengthen the maturity of the national debt, widen the maturity range of the Ecu-denominated OAT market and open a line of 11-year Ecu OATs with a coupon close to current market yields.

Also, [illegible] French stock exchanges association (SBF) said the Ecu OAT due May 1997 was suspended, as were put and call options on this stock issued by [illegible] Lyonnais.

[illegible] products will resume on April 18.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks [illegible]	Tuesday April 16 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% [illegible]	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Apr 15 Index No.	Fri Apr 12 Index No.	Thu Apr 11 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (187)	866.19	-0.9	11.30	5.58	10.87	11.55	873.73	872.31	877.76	844.45
2 Building Materials (24)	1125.24	-0.3	11.41	5.51	10.84	8.18	1128.87	1130.52	1139.22	1023.41
3 Contracting, Construction (31)	1378.11	+0.2	10.51	5.72	12.29	21.06	1375.71	1378.46	1387.41	1355.54
4 Electricals (10)	2432.50	-1.3	10.81	5.50	11.78	40.46	2464.86	2483.51	2438.33	2384.61
5 Electronics (26)	1824.80	-1.2	8.59	4.88	15.48	3.31	1847.74	1849.04	1869.45	1775.30
6 Engineering-Aerospace (8)	454.97	-1.8	15.40	5.50	7.84	8.86	463.44	458.88	459.94	438.72
7 Engineering-General (47)	459.84	-0.4	12.50	5.71	9.66	7.96	461.66	461.63	461.88	465.40
8 Metals and Metal Forming (8)	487.75	-0.8	18.70	7.08	6.60	0.59	491.91	486.86	490.35	482.09
9 Motors (13)	350.19	-0.9	12.31	6.82	9.61	9.45	353.39	352.96	357.09	345.15
10 Other Industrial Materials (20)	1534.73	-1.3	9.38	5.28	12.59	28.99	1555.00	1547.81	1562.09	1561.76
21 CONSUMER GROUP (185)	1467.02	-0.6	8.36	3.63	14.83	11.93	1475.84	1472.27	1473.37	1204.55
22 Brewers and Distillers (22)	1785.04	-0.3	9.00	3.63	13.69	14.86	1790.47	1784.82	1789.34	1394.16
25 Food Manufacturing (20)	1203.64	-0.5	9.40	4.05	13.10	15.95	1209.60	1204.56	1203.36	1054.49
26 Food Retailing (16)	2805.54	-1.3	7.80	2.77	16.76	14.42	2842.16	2851.63	2837.37	2236.56
27 Health and Household (21)	3245.35	-0.2	6.26	2.61	19.00	20.72	3251.43	3232.92	3242.41	2537.93
29 Hotels and Leisure (21)	1351.68	-0.3	10.22	5.10	11.51	16.64	1355.99	1366.33	1375.49	1353.53
30 Media (24)	1498.49	-1.4	9.25	4.51	13.62	17.84	1519.07	1513.16	1511.48	0.00
31 Packaging, Paper & Printing (16)	673.29	-0.9	8.29	4.90	15.08	11.00	679.74	683.94	683.01	566.03
34 Stores (34)	927.56	-0.8	8.97	3.89	14.47	2.37	934.99	929.93	929.02	728.09
35 Textiles (11)	537.13	-1.0	9.88	6.00	12.77	3.08	542.56	542.40	545.69	482.28
40 OTHER GROUPS (108)	1214.84	-0.7	9.90	4.97	12.35	9.64	1223.94	1215.24	1223.96	1118.21
41 Business Services (13)	1214.32	-0.4	11.08	4.89	11.05	8.36	1218.71	1219.87	1231.93	0.00
42 Chemicals (21)	1265.32	+0.2	9.24	5.66	12.40	23.86	1262.94	1260.86	1276.48	1183.02
43 Conglomerates (10)	1520.48	-1.7	11.03	6.76	10.83	12.84	1546.65	1524.22	1547.48	1580.60
44 Transport (14)	2181.34	-0.7	11.24	4.74	10.85	25.52	2196.38	2203.98	2191.72	2162.18
45 Electricity (14)	1180.25	-0.3	11.74	5.65	10.67	0.00	1184.05	1180.95	1179.86	0.00
46 Telephone Networks (4)	1453.10	-0.8	9.15	3.44	14.22	0.00	1464.46	1453.08	1463.69	1108.60
47 Water (10)	2523.76	-0.5	13.43	5.55	8.32	39.69	2536.12	2512.44	2523.62	1853.63
48 Miscellaneous (22)	1894.74	-1.2	6.37	4.92	19.96	21.39	1918.56	1888.87	1904.99	1763.84
49 INDUSTRIAL GROUP (480)	1243.21	-0.7	9.45	4.45	13.03	11.34	1251.96	1247.26	1252.15	1101.15
51 Oil & Gas (20)	2445.53	-0.5	10.31	5.45	12.63	40.03	2456.65	2416.85	2395.35	2251.77
59 500 SHARE INDEX (500)	1344.90	-0.7	9.56	4.59	12.97	13.58	1353.92	1346.62	1349.66	1197.04
61 FINANCIAL GROUP (97)	833.92	-1.3	–	5.66	–	17.25	845.29	842.00	840.00	791.71
62 Banks (9)	934.11	-1.7	7.94	5.88	18.19	21.93	949.85	947.08	[illegible]	852.08
65 Insurance (Life) (7)	1571.20	-0.5	–	5.27	–	41.64	1578.32	1557.97	1545.82	1267.56
66 Insurance (Composite) (6)	685.15	-2.4	–	6.40	–	20.23	701.88	700.61	702.69	648.23
67 Insurance (Brokers) (8)	1183.78	-1.1	6.74	5.67	19.30	20.10	1197.16	1178.71	1184.60	1041.77
68 Merchant Banks (7)	425.75	+0.4	–	4.76	–	4.47	424.22	424.82	420.12	452.73
69 Property (40)	1010.49	-1.1	6.42	4.63	21.23	4.21	1021.70	1021.58	1025.08	1140.18
70 Other Financial (20)	289.53	+0.3	9.52	6.24	12.94	4.41	288.69	288.62	289.95	311.02
71 Investment Trusts (69)	1214.62	-0.5	–	3.39	–	10.94	1220.66	1214.06	1212.13	1140.53
99 ALL-SHARE INDEX (666)	1219.96	-0.8	–	4.70	–	14.09	1229.26	1222.89	1224.72	1098.14

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 15	Apr 12	Apr 11	Apr 10	Apr 9	Year ago
FT-SE 100 SHARE INDEX‡	2519.5	-23.3	2555.3	2518.6	2542.8	2526.1	2531.6	2518.8	2527.2	2214.5

FIXED INTEREST

PRICE INDICES	Tue Apr 16	Day's change %	Mon Apr 15	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	120.51	-0.01	120.79	1.49	3.79
2 5-15 years (30)	130.54	....	130.54	1.02	5.15
3 Over 15 years (8)	139.06	+0.12	138.89	1.72	4.05
4 Irredeemables (6)	155.47	-0.43	156.15	4.01	1.50
5 All stocks (72)	129.75	....	129.84	1.28	4.62
Index-Linked					
6 Up to 5 years (1)	157.93	....	157.92	-0.27	2.72
7 Over 5 years (10)	146.81	-0.04	146.87	0.49	1.52
8 All stocks (11)	147.68	-0.03	147.73	0.47	1.56
9 Debs & Loans (54)	110.04	-0.01	110.06	2.44	2.65

AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 16	Mon Apr 15	Year ago (approx.)
British Government				
1 Low	5 years	9.18	9.16	11.89
2 Coupons	15 years	9.61	9.62	11.52
3 (0%-7¾%)	20 years	9.73	9.74	11.39
4 Medium	5 years	10.25	10.24	13.12
5 Coupons	15 years	10.04	10.04	12.02
6 (8%-10¾%)	20 years	9.99	9.99	11.57
7 High	5 years	10.39	10.38	13.23
8 Coupons	15 years	10.21	10.21	12.32
9 (11%-)	20 years	10.15	10.15	11.84
10 Irredeemables	†	9[illegible]	9.94	11.37
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.75	3.74	4.82
12 Inflation rate 5%	Over 5 yrs.	4.10	4.10	4.20
13 Inflation rate 10%	Up to 5 yrs.	2.84	2.83	3.75
14 Inflation rate 10%	Over 5 yrs.	3.90	3.90	4.01
15 Debs &	5 years	11.86	11.87	16.23
16 Loans	15 years	11.64	11.63	14.01
17	25 years	11.43	11.42	13.38

‡Opening index 2546.3; 9 am 2553.6; 10 am 2540.6; 11 am 2538.9; Noon 2529.5; 1 pm 2521.6; 2 pm 2521.9; 2.30 pm 2521.9; 3 pm 2523.5; 4.10 pm 2518.6; (a) 8.51am (b) 4.10pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 [illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	21	41	21
Corporations, Dominion and Foreign Bonds	0	4	16
Industrials	258	[illegible]	[illegible]
Financial and Properties	125	[illegible]	[illegible]
Oils	18	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	1,497

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Owners Abroad 3p	27pm	
56	[illegible]	–	27pm	22pm	Persimmon 10p	32pm	
238	[illegible]	9/5	39pm	26pm	Saatchi & Saatchi 10p	8¼pm	
[illegible]	[illegible]	8/5	11½pm	5pm	[illegible]	50½pm	+16½
[illegible]	[illegible]	10/5	50½pm	21pm			

a Annualised dividend. [illegible] Figures based on [illegible] d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. [illegible] dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. [illegible] dividend and yield based on prospectus or other official estimates for 1990-91. [illegible] Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". ↑ Introduction. § Placing price. †† Reintroduction. [illegible] Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings April 8
● Last Dealings April 19
● Last Declarations July 11
■ For settlement July 22

For rate indications see end of London Share Service

Calls in Barratt Devs., BHH, Eurotunnel warrants, Markheath, Midland Bank, Mosaic Invs., Pilkington, Premier Cons., Ral[illegible], Saatchi & Saatchi and SD-Scicon. Put in Maxwell Comms. Put and call in Westminster Scaffolding.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
[illegible]	300	34	45	63	2	15	20
STC (*320)	300	–	–	–	¼	¼	–
	330	¼	–	–	–	–	–

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat. (*279)	260	28	33	41	3½	8	9
	280	15	21	29	11	16	18
[illegible] (*79)	70	13	18	20	1½	5	6
	80	[illegible]	11	15½	5½	[illegible]	11
Barclays (*460)	460	27	40	51	19	31	35
	500	11	22	30	45	53	57
Trafalgar (*250)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-SE INDEX PUTS								
Apr	2	3	5	10	24	54	95	145
May	7	11	20	30	49	77	104	150
Jun	14	20	29	40	59	86	118	155
Jul	19	25	40	55	72	96	127	163
Dec †	43	–	70	–	110	–	160	–

April 16 Total Contracts 33,488 Calls [illegible] Puts [illegible]
FT-SE Index Calls 5,102 Puts 2,548
Euro FT-SE Calls 920 Puts 390
*Underlying security price. † Long dated expiry months. Premiums shown are based on offer prices.

هذا من الأصل

UK COMPANY NEWS

Banks seek changes to rules covering BT sale

By Roland Rudd

THE government is to consider a request from some of the biggest high street banks to amend the regulatory rules covering share dealings in the sale of part of its stake in British Telecom.

The radical proposal to cut the "regulatory red tape" is in response to the government's call for innovative ideas as to how to distribute the stake.

The banks want retail institutions offering shares in the sale to the public to be exempt from some of the tougher clauses contained in the Financial Services Act.

In the first of a series of meetings with Treasury officials and SG Warburg, the government's lead adviser in the sale, the banks will today argue that the red tape is putting off shops and building societies from selling the shares.

The Treasury has called for ideas from financial institutions to be sent or given to it by May 19.

Under the present regulatory rules any company selling shares has to be regulated by either the Securities and Investment Board (SIB) or one of the other self-regulatory organisations.

The banks want the government to offer a list of retail houses which want to sell BT shares a simpler regulatory framework or cheaper associated membership of one of the SROs.

They want the Government to distinguish between the big stockbrokers and smaller retail institutions which might be persuaded to sell the BT shares.

Some of the banks believe that high street shops, such as Marks and Spencer and J Sainsbury, could be persuaded to sell the shares if the regulatory framework was simplified.

Mr Tony Vine-Lott, managing director of Barclays Stockbrokers, the bank's retail share dealing service, said: "The Government should provide a new simpler regulatory framework with SIB or another SRO from an approved list of organisations willing to sell the BT shares."

Mr Steve Crockford, director of Midland Bank's stockbroking service, said: "The Government must recognise that there should be a difference in the regulatory rules between small retail organisations which want to sell BT shares and the all-bells-all-whistling stockbroking service offered by the big institutions."

Most of the banks are members of the Securities and Futures Authority, formerly The Securities Association. The first 10 employees selling shares have to be registered for an individual annual fee of £500, the next 90 at £260.

If the building societies chose to be regulated by SIB the cost is between £2,500 and £100,000, depending on the number of investment [illegible].

The Cheltenham and Gloucester building society pulled [illegible] September 1989 after its fees went up tenfold to more than £100,000.

Although SIB has since reformed its compliance costs many of the banks believe its fees are still prohibitive. A spokesman for the Cheltenham and Gloucester said it would reconsider joining an SRO if the costs were reduced.

In another proposal to sell the BT shares to as many investors as possible, National Westminster will call for tax advantages to buy and hold shares and greater education in the merits of share ownership.

Mr Neil Stapley, managing director of National Westminster Stockbrokers, called for a more "equitable relationship" between investors buying and selling shares.

[illegible] proposals include [illegible] potential BT shareholders [illegible] for shares before [illegible] price is announced on [illegible] that they will be guaranteed a certain amount of shares.

Some of the banks also believe they could offer more "user friendly" share services if the investor could have his account debited directly on buying the shares in his branch, thereby relieving him of the trouble of writing out a cheque.

● Dewe Rogerson, the financial advertising and public relations group, has been chosen by BT and the Treasury to market the sale of part of the Government's BT stake.

See Lex

Manx fraud squad to investigate Merlin Intl

By [illegible] Stuart in Douglas

OPERATIONS OF Merlin International Properties, which faces possible receivership, are to be investigated by the Isle of Man fraud squad.

"I have no reason at this moment to believe there has been criminal activity," Mr William Cain, the Manx Attorney General, said yesterday. The investigation was ordered after some shareholders complained about heavy losses by the company and circumstances surrounding a recent takeover bid for it.

A £2.9m agreed offer of 5p per share from Luirc, a British Virgin Islands company, was announced at the end of February. The bid failed to get Stock Exchange approval because its funding was conditional, and was withdrawn two weeks ago.

Luirc is still keen to mount a further bid if it can get dispensation from the takeover panel. A further bid from the same source would not normally be allowed within 12 months of collapse of the first one.

Some of Merlin's Manx-based private shareholders say the identity of the bidder has not been made clear, and suspect some past or present directors may be acting in concert with the bidder. Luirc has stated that there was no connection between it and Merlin directors.

An undiminished appetite for growth

Charles Leadbeater on Morgan Crucible's cash-raising habit

RIGHTS ISSUES [illegible] have become habit-forming [illegible] Morgan Crucible, the industrial materials group.

In each of the past five years it has had some form of paper money-raising drive to pick [illegible] about £200m for a string of acquisitions which has fuelled its growth.

[illegible] bardly [illegible] burp before digesting acquisitions [illegible] last [illegible], Morgan [illegible] moved onto the next course. On Monday it announced a [illegible] rights issue [illegible] fund [illegible] of [illegible], which are being thrown up [illegible] the [illegible] a shake-out [illegible] competitors in [illegible] US and continental Europe.

Morgan's undiminished appetite for [illegible] and its [illegible] of inhibition in [illegible] more capital from [illegible] shareholders raises [illegible] question about the group's [illegible] future.

What sort of company is Morgan Crucible becoming? There are two sides to its character. It could be a free wheeling, mini-conglomerate driven by an ambition for bids and deals it cannot fund from its own cashflow.

Alternatively, it could be a solid materials technology company which is attempting to become a world force in its [illegible] by buying up small and medium sized companies in traditionally fragmented industries.

Just as there are these two sides to Morgan's character so there are two quite different accounts of its performance.

The sceptics argue that Morgan treads too [illegible] to the edge.

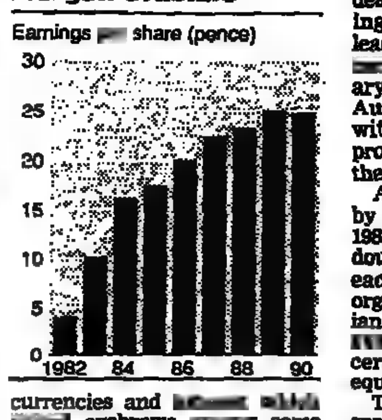
It has ruled out financing acquisitions [illegible] borrowing. [illegible] debt rose from £110m to £118m last [illegible] 60 per [illegible]. It [illegible] generate enough cash from [illegible] own operations [illegible] fund acquisitions. So [illegible] much soul searching it [illegible] making another [illegible] call upon shareholders.

[illegible] its [illegible] for spotting the right acquisitions [illegible] mixed. Dr [illegible] Farmer, Morgan's [illegible] executive, disclosed that at [illegible] two [illegible] the [illegible] of [illegible] which were [illegible] a strategic significance may be [illegible].

The car care division [illegible] Holt Lloyd, acquired in [illegible], may well be sold in 1992 or 1993. Morgan is also planning to [illegible] defence electronics which [illegible] meant [illegible] be built around [illegible] purchase of [illegible] Electronics. That deal [illegible] to a lengthy legal wrangle [illegible] the price and First [illegible] profit [illegible] the time [illegible] bid, which [illegible] only this year. These [illegible] to have [illegible] openings [illegible] a four-year journey [illegible] blind alleys.

The string of deals [illegible] it difficult to pin down Morgan's underlying performance. Although pre-tax profits for [illegible] were [illegible] 10 [illegible] cent, [illegible] the second half [illegible] marked downturn in several areas. This was partially offset by [illegible] turnover and operating profit bought in by acquisitions and [illegible] accounting [illegible] currencies and [illegible] eyebrows [illegible] some analysts.

Morgan Crucible



The believers tell a very different tale. Morgan has been transformed by hard management graft. At the depth of recession in the early 1980s Morgan made a [illegible]. Its pre-tax profit in [illegible] final months [illegible] 1990 was up on 1989. Since 1982 it has [illegible] sites. The [illegible] had delivered [illegible] very [illegible] for Morgan. The new [illegible]nt installed under [illegible] injected growth.

Holt Lloyd formed the basis for a thriving speciality chemicals business in the US. Morgan is not alone in seeking to [illegible] defence [illegible] and [illegible]st British car retail [illegible] components [illegible] have seen [illegible] profits [illegible] year.

Morgan [illegible] a good [illegible] with acquisitions in [illegible] special[illegible] fields where it has strong niche positions. [illegible] of the deals it is currently considering could make it Europe's leading producer of technical [illegible]. A [illegible] January brought [illegible] Dulmison, an Australian [illegible] producer with annual sales of £58m, profits of £8m and factories in the US and Thailand.

Although it cut investment by 40 per cent last year, since 1982 it has invested more than double its depreciation charge each year. [illegible] can generate organic growth: talks with Italian tap makers [illegible] created a [illegible] ceramic [illegible] for bathroom equipment.

The company has a wide spread of customer industries stretching from [illegible] and chemicals, to [illegible] and rail [illegible] makers. Its internationalisation [illegible] also been impressive. In 1979 [illegible] per cent of sales were [illegible] the UK, compared with [illegible] last [illegible].

Its internationalisation is continuing. It [illegible] three joint [illegible] China, one in production the other two signed up. It is expanding in Korea, Taiwan and Singapore, as well as exploring deals in Hungary, Czechoslovakia and Poland.

For those [illegible] that Morgan will [illegible] tensions between [illegible] two [illegible] character, Dr Farmer [illegible] little hope.

Asked whether the company [illegible] model [illegible] BTR or become a specialist producer of [illegible] carbon, he replies: "We should be [illegible] where between the two."

NEWS DIGEST

Silvermines halved to I£3.81m

IN A year of high interest rates, recession and uncertainty in global markets, Silvermines Group, the Dublin-based engineering and technology company, reported profits almost halved from I£7m to I£3.81m (£3.41m).

The 1989 result included profits of I£4.58m from the sale of the group's interests in Tuskar Resources.

Group turnover was static at I£62.04m (I£62.1m), and the [illegible] was higher at I£3.77m against I£3.48m.

Mr John O'Neill, chairman, said that decisive action had been taken which had resulted in the sale [illegible] for $3m – of National Broach since the year-end.

At the same time a review of the group's other activities had been undertaken to facilitate a restructuring of its core activities, full provision for which had been made in the 1990 accounts, he said.

Before extraordinary items of I£4.4m earnings per share came out at 7.9p (9.51p). A final dividend of 2.5p makes an unchanged total of 4p.

Losses deepen at Explaura

[illegible] Explaura Holdings yesterday declined [illegible] 15½p [illegible] the USM-quoted [illegible] limestone quarrying interests in Canada reported a net deficit of £1m for 1990.

Mr David Finch chairman, blamed the setback on start-up problems of new quarry and plant facilities which limited production capability.

An exceptional charge [illegible] £297,000 related to production costs above original [illegible].

Nevertheless, production at Lower Cove, Newfoundland [illegible]tinued into early winter with an inventory [illegible] the year-end of some 300,000 tonnes of [illegible] at the quarry.

The "high costs" of establishing deep [illegible] marine [illegible] minals at Philadelphia, Pennsylvania, and Savannah, Georgia, were absorbed [illegible] overheads.

Sales of aggrega[illegible] the year amounted [illegible]. Losses per share deepened to 0.87p [illegible].

Borland Intl sharply higher

Net income of Borland International, the California-based computer software company, rose from $11.8m to $25.82m (£14.95m) for the year to end-March. The final quarter contribution improved from $4.18m to $8.44m.

The USM-quoted company is also proposing to make a public offering of 1m shares. No price was given but Borland's shares closed £1 lower at £32.25.

Total revenue for the 12 months doubled to $226.76m ($113.29m). Earnings rose from 90 cents to $1.81 per share.

Exploration Co and El Oro up dividends

Doubled dividends [illegible] yesterday unveiled by The Exploration Company and El [illegible] Mining [illegible] Exploration.

[illegible] their titles, the [illegible], both chaired by Mr Michael [illegible] Parish, the financier, [illegible] involved in [illegible] dealing.

Exploration, which holds 49.9 per cent of El Oro, reported taxable profits of £3.18m (£3.06m) on group income of £3.47m (£3.3m). Earnings per stock unit emerged at 18.25p (17.47p) and the proposed dividend is raised to 12p.

Profits at El Oro, which in turn holds some 45 per cent of Exploration, dipped from £2.71m to £2.5m pre-tax, from income of £2.7m (£2.88m). Earnings fell to 37.69p (41.39p) but the recommended distribution is lifted to 24p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on 17.04.91: Pool purchase price £/MWh	All Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.12	16.34	16.34
0100	16.12	16.31	28.07
0130	16.20	16.31	28.03
0200	19.64	18.31	28.09
0230	23.42	18.54	20.14
0300	23.42	18.54	20.14
0330	18.00	16.81	15.81
0400	16.88	16.66	15.66
[illegible]	16.26	15.48	15.48
0500	16.18	15.47	15.47
[illegible]	16.18	15.67	15.57
0600	16.16	15.66	15.66
0630	16.20	16.20	16.20
0700	17.06	18.63	20.28
0730	20.29	19.04	20.71
[illegible]	24.58	19.44	21.11
[illegible]	26.75	20.26	21.93
[illegible]	30.06	20.51	22.18
[illegible]	31.81	23.49	25.26
[illegible]	31.87	23.49	25.25
[illegible]	30.17	23.49	26.25
[illegible]	28.61	23.49	25.25
[illegible]	28.71	20.86	22.53
[illegible]	28.94	20.86	22.53
1230	27.65	20.86	22.53
1300	25.88	20.88	22.54
1330	23.84	20.47	22.14
1400	23.42	20.47	22.15
1430	21.34	19.67	21.83
1500	21.34	19.67	21.32
1530	21.33	19.67	21.32
1600	21.46	19.67	21.32
1630	24.19	20.47	22.12
1700	24.42	20.87	22.51
1730	24.23	22.21	23.88
1800	23.77	22.21	23.87
1830	21.08	26.15	27.91
1900	19.85	26.15	27.88
1930	19.60	26.15	27.90
2000	19.57	26.15	27.82
2030	23.84	21.54	23.21
2100	23.84	19.67	21.29
2130	23.84	19.44	21.07
2200	23.84	19.44	21.07
2230	19.80	19.04	20.69
2300	18.67	16.69	16.69
2330	16.76	15.81	15.81
2400	16.18	15.48	15.48

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. A provisional Pool Purchase Price is subject to revision or correction until the pool prices are determined approximately twenty-four days after the day of trade. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NG Settlements Limited

Anglovaal Group

Mining companies' reports – Quarter ended 31 March 1991

All companies mentioned are incorporated in the Republic of South Africa.

All financial figures for the quarter and progressive figures for the current year to date are unaudited.

Rate of exchange on 31 March 1991: R1,00 = £0,21, £1,00 = R4,79.

Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.

[illegible] requiring copies of these reports regularly each quarter, should write to The Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Hartebeestfontein Gold Mining Co Ltd

Reg. No. [illegible]
Issued capital: 112 000 000 shares of 10 cents each

	Quarter ended 31 Mar 1991	Quarter ended 31 Dec 1990	Nine months ended 31 Mar 1991
Operating results			
Gold			
Ore milled ... t	748 000	752 000	2 265 000
Gold recovered ... kg	6 640	6 846	20 359
Yield ... g/t	8,9	9,1	9,0
Revenue ... R/t milled	281,86	290,02	285,26
Costs ... R/t milled	218,85	216,90	216,19
Profit ... R/t milled	63,01	73,12	69,07
Revenue ... R/kg	31 666	31 862	31 596
Costs ... R/kg	24 587	23 829	23 946
Profit ... R/kg	7 079	8 033	7 650
Revenue ... R000	210 265	218 096	643 253
Costs ... R000	163 263	163 112	487 510
Profit ... R000	47 002	54 984	155 743
Low-grade gold plant			
Ore milled ... t	453 000	433 000	1 316 000
Gold recovered ... kg	611	585	1 777
Yield ... g/t	1,35	1,35	1,35
Revenue ... R/t milled	41,72	42,10	42,08
Costs ... R/t milled	20,47	20,43	20,32
Profit ... R/t milled	21,25	21,67	21,76
Revenue ... R/kg	30 928	31 161	31 164
Costs ... R/kg	15 177	15 125	15 046
Profit ... R/kg	15 751	16 036	16 118
Revenue ... R000	18 897	18 229	55 379
Costs ... R000	9 273	8 848	26 736
Profit ... R000	9 624	9 381	28 643
Uranium oxide			
Pulp treated ... t	824 000	[illegible]	2 133 000
Oxide produced ... kg	83 228	78 378	222 775
Yield ... kg/t	0,10	0,11	0,10
Financial results	R000	R000	R000
Working profit – gold mining ...	56 626	64 365	[illegible]
(Loss) from [illegible] of uranium oxide and sulphuric acid ...	[illegible]	(5 891)	(16 286)
Non-mining income ...	[illegible]	7 871	27 580
Net tribute received ...	[illegible]	504	1 229
	[illegible]	66 849	196 909
Interest [illegible] other expenses ...	360	1 051	2 447
Profit before taxation and State's share of profit ...	57 684	65 798	194 462
Taxation and State's share of profit ...	17 819	31 406	85 669
Profit after taxation and State's share of profit ...	39 865	34 392	108 793
Capital expenditure ...	6 079	7 416	19 742
Appropriation for loan repayments ...	721	478	1 621
Dividends ...	–	56 000	56 000
	6 800	63 894	77 363
Development			
Advanced ... m	9 727	10 637	30 662
Sampling results on Vaal Reef			
Sampled ... m	2 016	1 772	5 146
Channel width ... cm	[illegible]	60	59
Channel value – gold ... g/t	26,7	19,9	24,7
... cm.g/t	[illegible] 662	1 190	1 464
– uranium [illegible]	0,41	0,40	[illegible]
... cm.kg/t	25,53	24,03	23,91

Financial
The profit before taxation includes results of hedging transactions.

In terms of the Company's articles of association, the directors' borrowing powers are limited to R50 000 000. At 31 March 1991 borrowings totalled R5 112 000 (1990: R6 543 000), of which long-term borrowings amounted to R3 282 000 (1990: R5 229 000) and short-term to R1 830 000 (1990: R1 314 000).

Taxation
The changes announced by the Honourable the Minister of Finance in his budget speech on 20 March 1991 have been taken into account in the results for the quarter and the year to date.

Hedging transactions
As at 31 March 1991 the Company had sold portions of its future gold production as detailed below:

Quarter ending	Kg of gold sold	Forward price per kg sold
30 June 1991	933	R35 851
30 September 1991	1 868	R37 037

Dividend
Interim dividend No. 70 of 50 cents per share, declared in November 1990, was paid in January 1991.

Capital expenditure
Outstanding commitments at [illegible] March 1991 are [illegible] at R7 770 000 (31 December 1990: R9 246 000).

For and on behalf of the board
B.E. Hersov [illegible]
D.J. Crowe

Directors: B.E. Hersov D.M.S., Hon. LL.D, (Chairman), B.L. Bernstein Hon. LL.D, D.J. Crowe, A.J. Field, J.J. Geldenhuys, L. Hewitt, G. Maude, Clive S. Menell, C.L. Sunter
Alternate directors: P.J. Eustace, K.M. Hosking, T.C. Rees, G.J. Robbertze, P. Taljaard, J.E. van Niekerk, R.A.D. Wilson

17 April 1991

Eastern Transvaal Consolidated Mines, Ltd

Reg. No. [illegible]
Issued capital: 86 333 880 shares of 2,5 cents each

	Quarter ended 31 Mar 1991	Quarter ended 31 Dec 1990	Nine months ended 31 Mar 1991
Operating results			
Ore milled ... t	81 800	82 200	245 100
[illegible] recovered ... kg	834	[illegible]	[illegible]
Yield ... g/t	[illegible]	10,1	[illegible]
Revenue ... R/t milled	319,30	312,98	31[illegible]
Costs ... R/t milled	228,02	224,45	223,69
Profit ... R/t milled	91,28	88,53	90,02
Revenue ... R/kg	31 318	31 071	31 423
Costs ... R/kg	[illegible]	22 283	22 406
Profit ... R/kg	8 953	8 788	[illegible]
Revenue ... R000	26 119	25 727	76 892
Costs ... R000	[illegible] 652	18 450	54 827
Profit ... R000	7 467	7 277	22 065
Financial results	R000	R000	R000
Working profit – gold mining ...	7 467	7 277	22 065
Non-mining income ...	811	516	2 254
	8 278	7 793	[illegible]
Prospecting expenditure ...	2 997	2 551	6 213
Profit before taxation ...	[illegible]	5 242	[illegible] 106
Taxation ...	1 492	1 251	6 339
Profit after taxation ...	3 789	[illegible]	11 767
Capital expenditure ...	623	1 680	[illegible]
Dividends ...	–	6 043	6 043
	623	7 723	9 136
Development			
Advanced ... m	1 498	1 611	[illegible]
Sampling results:			
Sampled ... m	844	[illegible]	[illegible]
Channel width ... cm	254	259	[illegible]
Channel value ... g/t	4,9	2,6	[illegible]
... cm.g/t	1 239	676	[illegible]

[illegible]
The profit before taxation includes results of hedging transactions.

Taxation
The changes announced by the Honourable the Minister of Finance in his bud[illegible] speech on 20 March 1991 have been taken into account in the results for [illegible] quarter and the year to date.

Hedging transactions
As at 31 [illegible] 1991 the Company had sold portions of its future gold production as detailed below:

Quarter ending	Kg of gold sold	Forward price per kg sold
30 June 1991	117	R35 851
30 September 1991	233	R37 037

Dividend
Interim dividend No. 81 of 7 cents per share, declared in November 1990, was paid in January 1991.

Capital expenditure
Outstanding [illegible] at 31 March 1991 are estimated at [illegible] 000 (31 De[illegible] 1990: R526 000).

For and on behalf of the board
R.A.D. Wilson [illegible]
D.J. Crowe

Directors: R.A.D. Wilson (Chairman), D.J. Crowe, J.J. Geldenhuys, B.E. Hersov D.M.S., Hon. LL.D, Clive S. [illegible] G.J. Robbertze, J.E. van [illegible]
Alternate director: B.J. Funston

17 April [illegible]

Prieska Copper Mines Ltd

Reg. No. [illegible]
Issued capital: 54 000 000 shares of 50 cents each

	Quarter ended 31 Mar 1991	Quarter ended 31 Dec 1990	Nine months [illegible] 31 Mar 1991
Operating results			
Ore milled ... t	103 400	380 000	885 400
Low-grade surface material ... t	37 000	[illegible]	580 600
Underground ore ... t	66 400	[illegible]	304 800
Concentrates produced			
Copper ... t	1 489	3 806	8 590
Zinc ... t	3 111	7 443	[illegible]
Concentrates despatched			
Copper ... t	3 079	3 820	[illegible]
Zinc ... t	7 209	6 255	25 930
Financial results	R000	R000	R000
Operating (loss) ...	(1 396)	[illegible]	(736)
Non-mining income ...	954	[illegible]	2 496
(Loss)/profit before taxation ...	(442)	(1 663)	1 760
Taxation ...	–	(2 089)	–
(Loss)/profit after taxation ...	(442)	426	1 760
Net capital recoupments ...	102	215	303
Development			
Advanced ... m	101	291	[illegible]

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches [illegible] during previous quarters.

Taxation
It is estimated that there will be no liability for taxation for the year ending 30 June 1991 as closure costs provided for in previous years and now to be incurred should result in the Company having no taxable income for the year.

Prieska Copper Mines Limited – *Continued*

Capital expenditure
There were no outstanding commitments at 31 March 1991 (31 December 1990: [illegible]).

For and on behalf of the board
D.J. Crowe
R.A.D. Wilson *Directors*

Directors: D.J. Crowe (Chairman), I.L. Benfield, B.J. Funston, J.J. Geldenhuys, B.E. Hersov D.M.S., Hon. LL.D, Clive S. Menell, G.J. Robbertze, R.A.D. Wilson
Alternate directors: J.J. Geldenhuys, G.J. Robbertze

17 April 1991

Loraine Gold Mines, Ltd

Reg. No. [illegible]
Issued capital: [illegible] 366 968 shares of R1,00 each

	Quarter ended 31 Mar 1991	Quarter ended 31 Dec 1990	Six months ended 31 Mar 1991
Operating results			
Ore milled ... t	352 000	[illegible]	[illegible]
Gold recovered ... kg	1 7[illegible]	1 9[illegible]	3 699
Yield ... g/t	[illegible]	[illegible]	5,1
Revenue ... R/t milled	158,02	[illegible]	[illegible]
Costs ... R/t milled	[illegible]	172,65	177,50
(Loss) ... R/t milled	[illegible]	(8,71)	(15,42)
Revenue ... R/kg	[illegible]	31 766	31 809
Costs ... R/kg	36 820	[illegible]	[illegible] 835
(Loss) ... R/kg	[illegible]	(1 266)	(3 026)
Revenue ... R000	[illegible]	61 722	117 345
Costs ... R000	[illegible] 288	64 220	[illegible] 505
(Loss) ... R000	[illegible]	(2 498)	(11 [illegible]
Financial results	R000	R000	R000
Working (loss) – gold mining ...	[illegible]	([illegible] 498)	(11 163)
Profit from sales of pyrite ...	[illegible]	243	986
Non-mining income ...	[illegible]	[illegible]	[illegible]
	(5 262)	883	(4 379)
Interest paid ...	255	215	470
Royalties paid ...	[illegible]	–	[illegible]
[illegible] before taxation ...	(5 525)	668	(4 857)
[illegible]	(356)	356	–
(Loss)/profit after taxation ...	(5 169)	312	[illegible]
Capital expenditure ...	1 027	1 348	2 [illegible]
Appropriation for loan repayments	84	79	[illegible]
	1 111	1 427	2 538
Development			
Advanced ... m	[illegible]	[illegible]	[illegible] 266
Sampling results:			
Kimberley reefs			
Sampled ... m	202	90	[illegible]
Channel width ... cm	92	71	86
Channel value ... g/t	10,8	11,5	11,0
... cm.g/t	997	[illegible]	[illegible]
Basal reef			
Sampled ... m	198	194	392
Channel width ... cm	9	9	[illegible]
Channel value ... g/t	78,9	117,4	[illegible]
... cm.g/t	718	998	[illegible]
Eldorado reefs			
Sampled ... m	[illegible]	600	[illegible]
Channel width ... cm	[illegible]	162	155
Channel value ... g/t	[illegible]	4,1	[illegible]
... cm.g/t	[illegible]	659	[illegible]
Total – all reefs			
Sampled ... m	950	884	[illegible]
Channel width ... cm	107	[illegible]	[illegible]
Channel value ... g/t	6,8	[illegible]	[illegible]
... cm.g/t	723	756	[illegible]

Financial
The profit before taxation includes results of hedging transactions.

In terms of the Company's articles of association, the directors' borrowing powers are [illegible] to R35 000 000. At 31 March 1991 borrowings totalled R4 608 000 (1990: R4 936 000), of which long-term borrowings [illegible] to R4 312 000 (1990: R4 699 000) and short-term to R296 000 (1990: R237 000).

Taxation
The change to non-mining taxation [illegible] by the Honourable the Minister of Finance in his budget speech on 20 March 1991 has been taken into account in the results for the quarter and the year to date.

Hedging transactions
As at 31 March 1991 the Company had sold portions of its future gold production as detailed below:

Quarter ending	Kg of gold sold	Forward price per kg sold
30 June [illegible]	467	R35 901
30 September 1991	933	R37 095

Capital expenditure
Outstanding commitments at 31 March 1991 are estimated at R560 000 (31 December [illegible] R552 000).

Rationalisation programme
In the Chairman's Statement dated 30 November 1990 it was stated that the then rand gold price was below the estimated R/Kg working cost for the current year and that further contingency plans would have to be considered if the gold price did not improve within the next few months.

To date, [illegible] has been no significant improvement in the rand gold price and, notwithstanding stringent cost control measures, working losses continue to be incurred. Accordingly, a further rationalisation programme is being implemented. This programme will entail a reduction in [illegible] mill throughput to approximately 113 000 tons per month. Regrettably, retrenchments will [illegible] and approximately [illegible] per [illegible] of officials and union men and some 6,3 per cent of Category 1-8 employees and staff will be affected.

If these measures do not achieve the objective [illegible] curtailing working losses, further contingency plans will have to be considered.

For and on behalf of the board
D.J. Crowe [illegible]
R.A.D. Wilson

Directors: D.J. Crowe (Chairman), P.J. Eustace, J.J. Geldenhuys, B.E. Hersov D.M.S., Hon. LL.D, B.J. Lawrenson, G. Maude, Clive S. Menell, J.E. Olivier, S.W. van der Colf, R.A.D. Wilson
Alternate directors: J.H.J. Burke, B.J. Funston, T.C. Rees, G.J. Robbertze, K.A. West

17 April 1991

Profit advance of 13% to £12m heralds 20th year of growth

EIS builds up bid cash with £18m rights

By Jane Fuller

EIS GROUP, the specialist engineer, is stoking up its acquisition fund with an £18.3m rights issue that will add to cash already held.

The group, which has made 14 purchases over the past five years, also announced its 20th year of profit growth with a pre-tax figure ahead by almost 13 per cent from [illegible] £13.48m in 1990 on turnover up 13 per cent at £177.52m.

The shares rose [illegible] on the announcement [illegible] 1-for-4 issue, [illegible] 265p per share. It [illegible] EIS's [illegible] rights issue which raised £12.5m.

Mr [illegible] Haslehurst, chief executive, [illegible] that on that [illegible] had slipped [illegible] £2m [illegible] acquisitions. This time the cash [illegible] would help avoid short-term borrowings.

"[illegible] like [illegible] cash, and not just when interest rates are high. It's useful when negotiating with vendors, particularly outside the UK," he said.

Many of its acquisitions would continue to be overseas. Last year the group made 34 per cent of its sales and just over half its pre-tax profit in the UK, with other EC countries accounting for 32 per cent of turnover, America 17 per cent and Asia 11 per cent.

Net cash held by the group declined from £12.5m to £5m. Interest income was £1.21m (£965,000).

Acquisitions [illegible] £4m and brought in £4m debt. Capital spending, notably on computer-controlled [illegible] and computer-aided [illegible] equipment, rose to £7.7m (£6.9m).

[illegible] three [illegible] improved their contributions. In [illegible] Flexibox [illegible] and [illegible]lings group, operating profit increased to £4.67m (£4.16m) [illegible] (£40.12m).

[illegible] equipment [illegible] (£4.04m) on sales of [illegible] in spite of a halt in exports [illegible] Iraq and Kuwait which [illegible] £505,000 extraordinary provision.

The reorganised aircraft and precision engineering division improved to £3.17m after a decline to £2.63m in 1989.

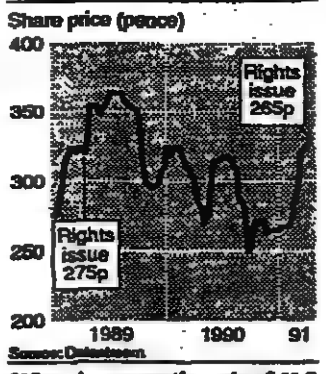
Mr Haslehurst said action to ward off the effects of recession had included maximising exports and reducing costs.

Earnings per share, affected by the 1989 share issue, rose 8 per cent to 29.949p (27.685p). A proposed final dividend of 8.375p makes a total of 11.4p (10.45p).

● **COMMENT**

EIS is full of old-fashioned virtues such as rigorous [illegible] management, [illegible] to improve productivity and a painstaking approach to acquisition. The decision to launch a rights issue when it still has cash in the bank is typical of its conservative approach. The policy has worked like clockwork so far. Through the 1980s, it had a rights issue every two or three years, always in April, and the resultant purchases have proved their worth. It will, however, be tough for it to continue earnings per share growth this year, even if pre-tax profit advances to about £15m. A prospective p/e of 11.2 puts it on a small premium to the engineering sector. Further progress in the price will depend on the scope of future acquisitions.

EIS Group



Source: Datastream

Sharply reduced losses at LIT

By Clare Pearson

LIT HOLDINGS, [illegible] transatlantic futures clearing [illegible] corporate finance [illegible] which last [illegible] agreed a [illegible] refinancing [illegible] its bankers, [illegible] that it had made a "promising [illegible]" to [illegible] current [illegible] as it reported sharply reduced [illegible].

The pre-tax deficit [illegible] £344,000. [illegible] £499,000 extraordinary credit for realisations net of provisions, retained profit was £215,000.

LIT said that net borrowings had fallen to [illegible] by the year-end, which compared with [illegible] funds [illegible] £6.5m (£1.2m).

Shareholders' funds [illegible] buoyed by £5.75m worth [illegible] convertible capital bonds issued as part of the refinancing and converted into first preference shares two months ago.

First preference shareholders will become entitled to their maiden dividend at the end of June. No dividend for the year is being paid on an old issue of preference shares or the ordinary shares. Losses per share were 3p.

Mr Christopher Castleman, chief executive, struck a cautiously optimistic note on current year trading. "This patient is showing some distinct signs of life," he said.

So far profits of LIT America, which provides clearing and other services to the US futures market, were substantially ahead against a background of weak commodities markets.

Johnson Fry, the UK financial services company, experienced a jump in Business Expansion Scheme activity: it had raised £51m during the first quarter compared with £18m in 1990. Enterprise Zone issues were also up.

Results for 1989 were extensively restated to reflect last year's restructuring which involved some 30 disposals, releasing about £35m, and consolidation of remaining interests into two core businesses.

Mr Castleman said this was compatible with the recommendations on accounting for discontinued activities made last week by the Accounting Standards Board.

Restated losses available to ordinary [illegible] But [illegible] of [illegible] originally [illegible] extraordinary [illegible] has [illegible] brought up into [illegible] taxation, increasing that figure to [illegible] were 13.4p against a previously reported 8.7p.

In 1990, turnover [illegible] £91.14m (£114.27m). LIT [illegible] operating profits of [illegible] (against a [illegible] £4.04m) [illegible] Johnson Fry £1.59m (restated £1.76m). Central [illegible] a [illegible] £421,000 from [illegible] activities against a prior-year profit of £2.83m, were £4.45m (£10.26m).

The refinancing involved, besides an open offer and placing of convertible capital bonds, preference shares in the holding company for Johnson Fry and a new medium term loan.

Rationalisation fails to prevent Hartons' setback

By Michiyo Nakamoto

THE ECONOMIC downturn in the [illegible] harsh blow to Hartons Group, the distributor of plastic sheet and film, which saw profits of £608,000 in 1989 turn into a pre-tax loss of £2.14m last year.

Steps to rationalise operations failed to counter a sharp fall in demand for the group's products. Turnover, which during the year fell 16 per cent to £128.84m (£153m), was down 14 per cent in [illegible] fourth quarter.

Last year's decline "truly reflected the state of the economy," said Mr Colin Astin, chairman. The group's wide customer spread covers a cross-section of the general economy and for that reason "when the economy goes down our business goes down."

In an effort to stem its sagging profits, Hartons embarked on a reorganisation programme, closing 11, or a third, of its distribution branches in the UK and rationalising operations in the remaining 20. These measures were behind an exceptional debit of £1.23m.

Additionally, the disposal of the Wakeling Medical manufacturing company and the closure of its only distribution outlet in Ireland, resulted in an extraordinary loss of £578,000. Wakeling was sold at net asset value of £215,000.

The effect of the recession on customers, which comprise mainly smaller to medium-sized companies, was reflected in the increase in bad and doubtful debt provisions to £1m.

Among overseas operations, which contribute half of turnover, North America was hit by deteriorating economic conditions whereas European markets generally put in a firm performance. France produced record profits on turnover up 10 per cent while Spain saw turnover increase by 3 per cent.

The group will continue rationalising operations that are not essential to its longer-term objectives, Mr Astin said. Any disposals would not be in the UK and would be aimed at concentrating the group's activities on plastics distribution.

Benefits of the rationalisation should emerge this year. Borrowings have come down and working capital has been released as a result of lower interest charges and closures.

"Nothing's changed and it all looks very grim," Mr Astin said, "but people for the first time in many months are begining to talk positively." The group saw a slight improvement in March, he said.

Losses per share came to 3.6p (0.06p) and no final dividend is proposed. The total for the year is 0.1p (0.2p).

B&C to float Exco unless buyer can be found 'in a few weeks'

By Richard Gourlay

BRITISH AND Commonwealth will opt for a public flotation of Exco, its money broking arm, unless a buyer emerges "in a few weeks", according to the administrators of the failed financial services group.

It would be the first flotation of a company out of administration since Rolls Royce was floated from insolvency in 1971.

"Exco is an unusual animal that does not sit easily with one parent but would sit well in the Stock Exchange," said Mr Stephen Adamson, an Ernst and Young partner and B&C's senior administrator.

Exco is making pre-tax profits of £28m on an annual basis and is considered one of B&C's most valuable assets.

A sale or flotation could add about £200m to the £415m raised so far from the sale of assets since B&C was put into administration last June in one of Britain's largest corporate failures.

Mr Adamson also said the administrators hoped to make their first repayments to creditors late this year after agreeing a "scheme of arrangement" that would govern how B&C's assets were to be distributed.

There were substantial advantages to proceeding with such a scheme as opposed to a liquidation of assets, he said.

B&C owed about £1bn to unsecured creditors in June and a further £320m of convertible unsecured loan stock which is subordinated to other creditors in a wind up.

The repayment scheme would establish a formula to repay creditors [illegible] B&C assets were sold and would operate [illegible] several years. Mr Adamson said the administrators could not say how much [illegible] initial repayments would amount to at this stage.

[illegible] of preference and ordinary shares were unlikely to see any return, the administrators said in a letter to shareholders and creditors.

Included in the £415m raised is £100m on deposit at the Bank of England which was part of the proceeds of the sale of Gartmore Investment to Banque Indosuez.

The administrators were seeking legal advice as to whether creditors of B&C Holdings or B&C Finance had first call in this deposit.

Mr Peter Phillips, a joint administrator, said he was expecting a ruling on liability next week in B&C's litigation against Quadrex Holdings and Samuel Montagu.

The £200m claim follows Quadrex's failure to complete an agreed £280m purchase of the wholesale broking division of Mercantile House by February 1988.

[illegible] denied B&C had held talks [illegible] an out-of-[illegible] settlement with Midland Bank, which [illegible] Samuel Montagu's parent, or the merchant bank which ad[illegible] Quadrex.

Following the collapse in [illegible] of [illegible] to sell British and Commonwealth Merchant Bank to Bank of Çukurova, part of the Turkish industrial group, the administrators [illegible] still seeking a buyer.

However Mr Adamson said he [illegible] the climate for selling banks was difficult and [illegible] administr[illegible] considering a "voluntary arrangement" with creditors [illegible] the insolvency act.

Creditors, who are owed a total of £300m, would be able to receive some payment on account immediately they agreed an arrangement and would receive the balance over a period of time.

Peugeot Talbot declines 11% and warns of worse to come

By Kevin Done, Motor Industry Correspondent

PEUGEOT TALBOT, the UK subsidiary [illegible] Peugeot, the French car maker, reported an 11 per cent decline in pre-tax profits from a record £123m to £109m in 1990.

Mr Geoffrey Whalen, managing director, warned that profits would be "clearly worse" this year in the face of the continuing steep recession in the UK new car market.

However, last year Peugeot Talbot still achieved its second best financial result since Peugeot took over the chronically loss-making UK operations [illegible] Chrysl[illegible] (formerly [illegible] group) in 1978.

Output rose by 8.5 per cent last year to 116,500 vehicles, the highest level achieved by the Ryton plant since 1971. Production has risen for five years in succession from only 19,977 in 1985.

Mr Whalen said that productivity rose by more than 12 per cent last year, while inventory levels had been reduced to five days supply compared with 15 days two years ago.

Turnover rose by 8 [illegible] to [illegible] profits fell by [illegible] per cent from £104m to [illegible] as the company became [illegible] for a full tax charge [illegible] exhausting carry-forward losses in 1989.

Importantly the company disclo[illegible] yesterday that it would revert to producing two model ranges at the Ryton assembly plant [illegible] mid-1992, when it adds production of a new lower-medium segment car to the existing Peugeot 405 range.

The new range will replace the existing Peugeot 309 in the European market next year.

The 309 was produced at Ryton from 1986 to 1989, when production was switched exclusively to the 405 in order to ease capacity constraints at Peugeot's French assembly plants.

Mr Whalen said that work to prepare for the addition of the new range had already begun at Ryton and would involve a modest degree of automation at the currently highly labour intensive plant.

The Peugeot group had previously decided against substantial extra investment at Ryton, however, in favour of increasing capacity at its main French plants.

Peugeot Talbot said yesterday that car production at Ryton was expected to fall by at least 23 per cent this year to about [illegible]0,000 in the face of declining new car demand in both the UK and continental European mark[illegible].

The [illegible] already cut more than [illegible] jobs in the last six months reducing its workforce to just over 7,000.

The plant has been working a four-day week for much of this year with [illegible] produc[illegible] days eliminated in order [illegible] reduce output.

The rate of production has been cut to 2,100 a week from a peak of 2550 last year, but Mr Whalen said that five-day working would be resumed in May.

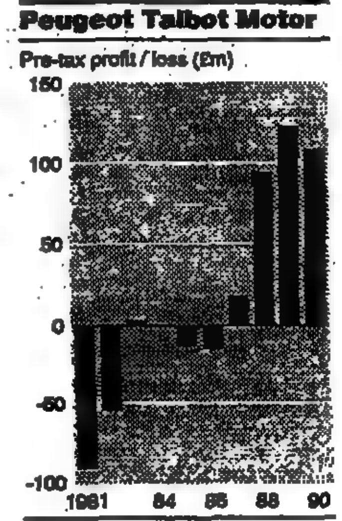
Peugeot car sales in the UK last year fell by 11 per cent to 124,000 compared with a fall in the overall UK new car market of 12.7 percent.

[illegible] result the Peugeot marque increased its share of the market modestly to 6.2 per cent from 6 per cent a year earlier.

In the first quarter [illegible] this year Peugeot [illegible] increased its market [illegible] to 7 per cent.

Sales fell by 8.6 per cent to 31,857 compared with a plunge in the overall market of 21.6 per cent.

Peugeot Talbot Motor



UK recovery buoys Albert Martin

By Steven Watkins

ALBERT MARTIN, the clothing [illegible] importer, raised pre-tax [illegible] by [illegible] per cent to £2.04m over 1990. Turnover was [illegible] from £89.11m to £78.11m.

The [illegible] in UK operating profits, [illegible] per cent to £1.98m, was helped by increased business with Marks and Spencer. New and established businesses helped overseas profits to £1.69m (£1.36m).

While noting that the current trading climate remains "extremely difficult", Mr Michael Kidd, chairman, was optimistic about prospects. Earlier this year the board was reorganised, as a move to increase efficiency of the group's manufacturing facilities, while developing its ability to source other merchandise worldwide.

With capital expenditure of £2.4m, increased borrowings and high interest rates pushed net finance charges to £1.82m (£1.22m), although net borrowings at the year-end were little changed, amounting to 39 per cent of shareholders' funds.

After an extraordinary charge of £1.8m, representing a UK plant closure to improve manufacturing efficiency, and minorities of £82,000 (£101,000), earnings per share rose 36 per cent to 9p (6.6p). An increased final dividend of 2.6p brings the total to 4.2p (4p). The shares closed at 70p, up 12p.

COMPANY NEWS IN BRIEF

AJINOMOTO, Japanese food chemicals and processing company, has acquired 75 per cent of Forum (Holdings) from Cultor of Finland. Forum is a holding company controlling Forum Chemicals, a distributor of bulk chemical ingredients used in the pharmaceuticals, food and animal feed industries. It also owns 75 per cent of Britannia Pharmaceuticals, a distributor [illegible] pharmaceuticals for hospitals.

CANDOVER INVESTMENTS [illegible] have invested in Fishers Group, a nationwide group of insurance loss adjusters, as part of a £4.5m financing package which includes the purchase of [illegible] Sheppard, another privately-owned loss adjuster.

[illegible], [illegible] diversified US food company, has acquired Hyman Foods, a processor and distributor of frozen meat products based in Stockport, Lanca[illegible]. ConAgra's [illegible] sales are about $20bn.

DAKS SIMPSON: San East UK, a wholly-owned subsidiary of Sankyo Seiko, has declared its offer for Daks ordinary shares unconditional as to acceptances. Each of the offers and the loan note alternative remain open.

FUTURA HOLDINGS has reduced its holding in Headlam Group by 100,000 shares – sold at 60p each – and now holds 2.03m shares (20.43 per cent of equity).

GOODMAN International: Belfast High Court has given the go-ahead for a rescue package worked out for the business empire of Mr Larry Goodman.

HILLSDOWN HOLDINGS has acquired further shares in Fairview New Homes for £15.3m and now owns 98.6 per cent. The consideration will be satisfied by the issue of 5.86m Hillsdown ordinary which are being bought by Rowe & Pitman at 261p per share

INTERCARE GROUP: Of the 4.76m new ordinary shares to be issued in connection with the acquisition of Booster Electric Vehicles, 1.84m, representing the aggregate minimum entitlements of certain directors, their family trusts and certain other shareholders, were placed firm. In respect of the balance, applications have been received for .741,000. The remaining 2.18m have been placed with institutional and other clients of Williams de Broe and Wise Speke.

MOLYNX HOLDINGS has acquired Contemporary Systems Design, a specialist in security systems for use by police, customs and other government agencies. Initial consideration is £1, with a further profit-related consideration up to a maximum £550,000.

NO PROBE: The proposed acquisition by Fuchs Petrolub Oel and Chemie of Century Oils Group is not being referred to the Monopolies and Mergers Commission.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	[illegible]-ponding dividend	[illegible] for year	Total last [illegible]
Castle [illegible] Intl	fin	1.15	-	1	1.15	1
EIS	fin	8.375	July 9	7.7	11.4	10.45
El Oro	fin	24	Oct 31	12	24	12
Exploration Co	fin	12	Oct 31	6	12	6
Hartons	fin	nil	-	0.1	0.1	0.2
LIT	fin	nil	-	nil	nil	3.75
Martin (Albert)	fin	2.6	-	2.4	4.2	4
River/Merc Extra	int	1.99875	June 7	1.875	-	8.54‡
Silvermines	fin	2.5♣	July 1	2.5	4	4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Includes special of 1.04p. ♣Irish currency

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interim- Prestwick.
Finals- Bentalls, Copymore, Dewhirst Intl, Eidos, English National Inv, Great Southern, Halma, Higgs & Hill, Le Creuset, Stena.

FUTURE DATES

Interims-	
Keystone Inv	Apr. 23
Shari	Apr. 24
Finals-	
Bridgend	Apr. [illegible]
Conrad Continental	Apr. [illegible]
FR	Apr. [illegible]
IRG	Apr. [illegible]
Mid-States	Apr. [illegible]
Plasticard	Apr. [illegible]
Redbstrust	Apr. [illegible]
Securities Tst Scotland	Apr. [illegible]
Ulster Television	May [illegible]
Wellcome	May 2
Yorklyde	May 15

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BUSINESS AND THE ENVIRONMENT

Tarnish forms on the green image

Manufacturers which claim that their products will not harm the environment cannot always back this up. In the final article on environmental challenges facing European business, Peter Knight looks at the market for green products and considers why consumers have lost some of their initial enthusiasm

The advertising man said he was going to beef up the campaign with "the ozone thing". The client stared in disbelief. The use of spurious environmental claims in simplistic sales campaigns was soundly discredited last year.

Rover, for example, promised that its Metro would not harm the ozone layer because it used lead-free petrol. Saab claimed its catalytic converters removed "ozone-punching hydrocarbons". Both [redacted] were scientifically unsound. Britain's Advertising Standards Authority upheld complaints against these and other companies, including Ecover, a maker of washing powders.

Friends of the Earth started The Green Con award especially for the creators of such outrageous and misinformed claims. The public, already confused by the complexity of the "environment thing", grew wary and cooled their brief love affair with so-called environment friendly consumer products. These now get far less shelf-space in supermarkets than a year ago.

The success of a new brand of detergent, Radion, which offered no environmental [redacted] antees but promised to remove body odour from clothes, was partly attributed to the ineffectual "green" washing [redacted]wders.

It also highlighted the difficulty in communicating complex scientific issues [redacted] to simple [redacted] about smells and [redacted]. The debate about the alleged effects [redacted] zeolites, phosphates and optical [redacted] on [redacted] environment did not stand [redacted] chance against the promise [redacted] eradicate body odours.

"Too many manufacturers thought that a little [redacted] slant was all that was [redacted]. But the market moved on too quickly for that," says Dorothy McKenzie, of Dragon International, a new Anglo-French marketing consultancy.

Although [redacted] Green [redacted] ozone-punchers got most [redacted] publicity, [redacted] more intelligent [redacted] ing [redacted] which used people's interest in the environment to stimulate sales.

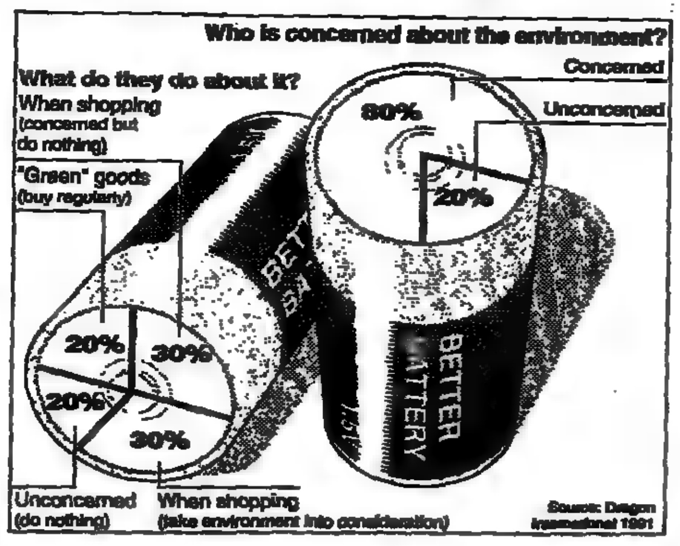
Varta, for example, marketed its mercury-free, and later cadmium-free, batteries in this way. This German-based dry-cell battery maker holds third place with around 9 per cent of the UK market for alkaline batteries and 7 per cent of zinc-based batteries, according to market researchers Mintel. It is a long way behind the market leaders, Ever Ready and Duracell.

For most of 1988 Varta sold zinc-chloride batteries which contained roughly the same amount of mercury as in competitive products. Its mercury-free "green" batteries were on sale in some Continental countries which were more environment-conscious than the UK at the time.

Varta saw an opportunity to improve market share and to differentiate itself from the main suppliers in the UK. It imported the "green" batteries and sold them as such, eventually wrapping them in what was considered appropriate packaging (no plastic, recycled card) and promoting them heavily as batteries that "don't cost the earth".

The campaign [redacted] but consumers were either unaware or did not care that throw-away batteries are inherently unfr[redacted]y to [redacted]e environment. [redacted] manufacture consumes more [redacted] the energy eventually delivered and they introduce hazardous chemicals into the environment when discarded.

Varta prospered initially, however, by providing a product that the competitors did not offer. This achieved one of the company's aims – to get shelf-space in supermarkets. [redacted] caught up and most throw-away chloride [redacted] now free from heavy metals, or only contain traces. But this change was brought about primarily [redacted] impending EC legislation and a battery manufacturers' agreement [redacted] heavy [redacted].



Varta, aware that [redacted] moved [redacted] rather swiftly, now concentrates on the rechargeable sector, which it sees as the next growth area. It offers to recycle its spent rechargeable batteries (which contain heavy metals) and gives a 50p voucher to custom[redacted]t their spent rechargeable batteries to the company.

[redacted] the inadequacy – and sometimes rank stupidity – of some green promotional campaigns have overshadowed the fundamental shift that some observers detect in the consumer market. Green issues, it seems, will remain important because they are being joined by a set of complex social issues that are starting to influence consumer markets.

"Companies now have to regard [redacted] like environmen[redacted] performance, corporate standards [redacted] behaviour, [redacted] ing policies [redacted] community involvement as a crucial aspect of business marketing," says McKenzie.

Some firms [redacted] this [redacted] board. Esprit, the US-based clothes retailer, promotes "responsible consumption". This idea is similar to that promoted so assiduously by the Body Shop. Its message is: buy only environmentally sound goods [redacted] buy [redacted].

By promoting reduced consumption [redacted] their shops) and their particular ver[redacted] corporate morality, companies such as Esprit and the Body Shop are trying to sell [redacted] vision of how businesses should behave in [redacted] threatened world.

Skeptics view this "vision thing" as opportunistic because it merely provides a version of the "unique selling point" (USP). But, say others, it should be seen as an example of how companies are being forced by a changing market to merge their brand and corporate marketing.

These have been traditionally kept apart. Corporate affairs departments have been charged with massaging [redacted] company's image with soft sells, [redacted] sponsorships. The marketing departments have been responsible [redacted] selling [redacted] benefits of the brand, such as the [redacted] to [redacted] of those horrible [redacted].

But [redacted] USPs becoming more difficult [redacted] achieve, [redacted] supplier's corporate image is playing a bigger role in helping the consumer [redacted] choose [redacted] products [redacted] are largely identical – from computers and cars to hairspray.

For example IBM, the computer and information [redacted] provider, is spending heavily on environmental improvements, from eradicating CFCs from its manufacturing plants to recycling plastic cups in its canteens.

The "ozone thing" might not [redacted] direct effect on computer sales, but achieving environmental [redacted] is essential to bolster corporate image. [redacted] the marketing [redacted] that image plays a [redacted] role in maintaining its leadership in world markets [redacted] the stability and acceptability of the corporation is becoming more important than its purely technical achievements.

IBM is [redacted] alone in this. Companies [redacted] 3M and Shell have long seen environmental excellence as part of their pursuit of quality. Success in both areas bolster their corporate image.

Few multinationals are now without some form of written environmental policy, although the majority are still struggling with the complexity of reaching their aims. It will be some time before they can include their achievements in their marketing campaigns.

Getting rid of those ghastly body odours from daddy's shirt will not be enough to win market share. But, it seems, neither will just being green.

Previous articles in the series examined environmental audits, product design and manufacturing.

Industry on the warpath to fight greenhouse battle

John Hunt on efforts to sustain economic growth

The [redacted] ness community is beginning to get [redacted] act together in preparation for the [redacted] environment and [redacted] conference in Rio [redacted] next year – an [redacted] Summit. Gov[redacted] meet there to draw up an international convention to [redacted] global warming.

In Rotterdam last week 700 heads of companies and busi[redacted] organisati[redacted], including many corporate giants, [redacted] the second world industry [redacted] on [redacted] management to set their own agenda for ensuring that their voice is heard at Rio. Many people in business and industry fear that the Rio meeting could move in the [redacted] of tighter government pollution regulations [redacted] inhibit economic growth and international trade.

Business leaders argue that – contrary [redacted] zero growth [redacted] – strong [redacted] growth is the only way [redacted] providing the funds necessary to improve the environment in the industrialised world and provide aid for a cleaner performance in eastern Europe and the developing countries.

At the conference, organised by [redacted] International Chamber [redacted] Commerce (ICC), business [redacted] industry [redacted] over these problems for three days. Out of it came a business [redacted] ter for [redacted] development – [redacted] buzzword for [redacted] nomic growth which [redacted] from inflicting lasting damage on the environment. The charter commits the 200 signatories to environmentally sound operations [redacted] give [redacted] highest priority [redacted] environ[redacted].

They promise to improve environmental performance [redacted] impacts of [redacted] operation, to conduct regular "green" [redacted] and to modify products and activities so they prevent environmental damage.

Environmental campaigners were not overly[redacted] these good in[redacted]. The code is voluntary [redacted] peer pressure am[redacted] alists for its obs[redacted] ertheless the ICC [redacted] ing to discuss with the United Nations Environment Organisation the possibility of establishing a method of monitoring members' performance.

The positive mood [redacted] conference could not have [redacted] a few years ago. This was summed up by Robert Kennedy, chairman and chief executive of Union Carbide, who had [redacted] deal with the aftermath of the [redacted] company's plant in Bhopal, [redacted] in 1984.

At one time, he said, industry had automatically stonewalled when things went wrong. In the face of public outrage at such events, however, more information has been forthcoming. Now a dialogue had developed between business and public. "We ignore public fear and outrage [redacted] peril," he [redacted].

Its dark days are numbered

There was [redacted] improving environmental performance should be fully incorporated into the pricing [redacted] and passed on to the customer. The previously-held view that air, land [redacted] free [redacted] led [redacted] much [redacted] degradation.

It [redacted] cost [redacted] big clean-up could put [redacted] squeeze [redacted] profits. [redacted] "market instruments" [redacted] encourage better performance through the workings of the [redacted] rather than [redacted].

[redacted] surplus permits to one with higher pollution. Thus the highest polluter pays the most and the principles [redacted] the free market are satisfied.

The development of the free market [redacted] seen as [redacted] prerequisite for environmental improvement. "Industry con[redacted] environmental protection [redacted] pre-condition for growth rather than [redacted] limit [redacted] growth," declared Heinrich [redacted] president of the Federation of German Industries.

There was a cool reception for the notion of a carbon tax on fossil fuels such as coal, oil and natural gas – which produce much of the carbon dioxide that contributes to global warming.

Torvild Aakvaag, vice president [redacted] Norsk Hydro and chairman [redacted] the ICC Environment Commission, said: "It would [redacted] be harmonised internationally to be efficient and I don't think it is possible. It is inconceivable that China, which consumes 1bn tonnes of coal a year, would be willing or [redacted] to introduce [redacted] tax."

Nevertheless, a main theme [redacted] the conference [redacted] need for business [redacted] improve [redacted] conservation and for govern[redacted] encourage it.

Renewable sources of energy, [redacted] wind and hydro power, should be encouraged [redacted] there was a strong feeling that fossil fuels will [redacted] main form [redacted] for some [redacted].

Nuclear energy [redacted] found strong [redacted]. "I don't think we can allow ourselves [redacted] disregard [redacted] option," [redacted] Aakvaag. "I am convinced that nuclear [redacted] will make [redacted] come-back."

Laurens Brinkhorst, director general for environment [redacted] EC Commission, encapsulated the [redacted] problem facing world [redacted]. "Will industry have the courage and determination to take environmental measures in its own hands thereby maintaining its flexibility and competitiveness? Or will the policy mak[redacted] to [redacted]"

The [redacted] nce [redacted]

COMMODITIES AND AGRICULTURE

Zinc stocks hit 15-month high [redacted] squeeze continues

By Kenneth Gooding, Mining Correspondent

EXTREME TIGHTNESS on the London Metal Exchange zinc market [redacted] – but only slightly – yesterday after the arrival of 14,675 tonnes of the metal into LME warehouses was reported.

This brings total LME stocks to 83,125 tonnes, their highest level for 15 months.

The premium for metal for immediate delivery compared with zinc [redacted] delivery in three months (the backwardation) [redacted] to $224.50 a tonne by the close, compared with $217 [redacted] Monday.

But [redacted] cost [redacted] borrowing cash zinc for one [redacted] just below $20 a tonne compared with [redacted] reached [redacted] one stage on Monday.

LME executives had known for some time that [redacted] technical [redacted] on the zinc market was looming, were in touch with the principal parties involved [redacted] preferred [redacted] use diplomatic [redacted] rather [redacted] interference, [redacted] maintain an orderly market, traders and analysts suggested.

LME WAREHOUSE STOCKS (As at Monday's close) tonnes		
Aluminium	−1600	to 347,000
Copper	+5375	to 224,150
Lead	−125	to 70,225
Nickel	+414	to 6,210
Zinc	+14675	to 83,125
Tin	−255	to 17,565

The LME had been probing people's intentions and ability to meet commitments and was satisfied events could be allowed to take their course. However, an unexpected element of panic entered dealings on Monday afternoon when $60 a tonne was being paid to borrow cash zinc for one day.

This took the executive by surprise because it had assurances from Metallgesellschaft and its clients would ensure the market [redacted] kept liquid. The German group's [redacted] trading subsidiary [redacted] number of clien[redacted] which [redacted] built up large holdings of zinc [redacted] cover disruptions in supplies.

"With the best will in the world, sometimes these situations get out of hand," a trader said. The fact that the premium to borrow cash zinc for one day fell back below $20 a tonne yesterday showed that enough metal was being made available at a reasonable cost, traders said.

In December 1989, when a squeeze on the market threatened to widen the daily premium sharply, the LME executive imposed a limit of $20 a tonne on the daily backwardation. Analysts defending the executive's decision not to act this [redacted] poin[redacted] out [redacted] action would have brought protests about interference with free market forces. "They're damned if they do and damned if they don't," said one.

Zinc for immediate delivery was $1,425 a tonne (down $5) at the close last night while metal for delivery in three months was $1,200.50 (down $13).

Farming in Tunisia faces a long drag

Francis Ghiles reports on a country struggling to boost output from its arid land

The Gulf war has brought [redacted] collapse in what, [redacted] has [redacted] source of foreign income – tourism. More than any event in the past 20 years, this conflict has brought home to Tunisian leaders the considerable challenge they face as they try to boost output from the land.

A much bolder policy is needed than has been pursued so far. First, the country needs to improve the food trade balance. Domestic production cov[redacted] on [redacted] only [redacted] requirements. Food [redacted] will [redacted] by between 30 per cent and 50 per cent by the year 2000 as the population grows with the rise in living standards.

The average volume and cost of cereal imports has trebled since 1970. In years of drought, they account for half the food import bill.

It also needs to improve export earnings. Fish and shellfish have made a growing [redacted] although signs of overfishing are increasingly worrying the authorities.

The output of olive oil [redacted] declined by [redacted] 1970 to an average of 100,000 tonnes [redacted] year. [redacted] this sector plays an important role [redacted] three respects – olive trees are the best means of preventing land erosion, they provide a fifth of all employment on the land, and they contribute a third of the value of food exports.

Second, the country needs to slow internal migration from the countryside. Not only do farm hands earn a quarter of what civil servants do but two thirds only find work 80 days every year, and even that is not guaranteed in years of drought.

Although a third farmers have non-farming sources of income, life on the [redacted] is [redacted]

The neglect of farming outside the rich orange groves of [redacted] Cap [redacted] region in [redacted] explains the high rate of illiteracy on the land (75 per cent) as it does the ing lack of [redacted] roads. As it is, the network of main roads in Tunisia is regarded as a national disgrace.


Life on the land is hard: farming has been neglected in much of the country

Third, Tunisia needs to halt land erosion and make much better use of scarce water resources. Much of the underground water reserves are already being tapped, but 85 per cent of surface water is lost. This is equivalent to 1bn cubic metres of water, which could irrigate 200,000 hectares and produce up to 1m tons of wheat, roughly what Tunisia imports every year.

As the farming sector uses 82 per cent of all water, popularising more efficient ways of using water is essential. However, the failure of a recent joint World Bank-EC attempt to rehabilitate the country's irrigated lands does not augur well. It does not come as a surprise if one considers that the price farmers pay for water covers a quarter of costs.

The IMF-induced reforms aimed at liberalising the management [redacted] bal[redacted] of payments crisis, have brought [redacted] changes. [redacted] paid to producers [redacted] increased by [redacted] per [redacted] on average, although many farmers are not benefiting much as wholesalers have pocketed the difference.

Cost of inputs has also increased – fertilisers by 72-109 per cent, seeds by [redacted] 11-16 [redacted] More worryingly, however, [redacted] price of farm machines has doubled, spurred by the fall in the value of the dinar. Coming at the same time as two years [redacted] severe drought in 1988-89, this has [redacted]uced the capacity of farmers to finance investments from their own funds, which account [redacted] only [redacted] all [redacted] in agri[redacted]

Until [redacted] departure of the former president, Mr Habib Bourguiba, in 1987, the poorer western and southern regions were at best forgotten. Since then, President Zine El Abidine Ben Ali has started to grapple with the fact that, however difficult it might prove politically to redistribute wealth from the towns to the countryside, the future economic and political stability of the country calls for a bold policy.

Signs of greater interest abound. West of Gafsa, Mr Mohamed Ben Rejeb displays with considerable pride the 1,000-hectare Segdoud project on which miners from the nearby Metlaoui phosphate mines are being resettled on 1.5-6 hectare lots where date palms, [redacted] and apricot trees, not to mention vege[redacted] are being grown.

In spite of the arid appearance of the country, Mr Ben Rejeb says there is a surprising abundance of water near the [redacted] in [redacted] area.

Further north, on [redacted] vast [redacted] plains which [redacted]rround [redacted] stronghold [redacted] El Kef, [redacted] Mr Moncef Balti, [redacted] an agri[redacted] engineer seconded [redacted] an imaginative head of farming, Mr Amor Mtimet, is promoting efforts to build small [redacted] to halt [redacted]

He [redacted] by the many [redacted] landlords [redacted] let [redacted] land lie fallow [redacted] year. The Minister of Agriculture, Mr Mouldi Zouaoui, accepts [redacted] such practices [redacted] penalised [redacted] who [redacted] change the [redacted] of channelling profits from [redacted] land into property speculation in [redacted] will [redacted] to be both adroit [redacted] enjoy strong backing from the [redacted] if he is to stand [redacted] chance of success.

Low productivity also characterises much state-owned land. These lands may [redacted] for only [redacted] per cent [redacted] arable land overall but they are concentrated in the richest cereal [redacted] The government is beginning [redacted] sell them, although it is aware [redacted] the need [redacted] avoid further fragmentation of property.

[redacted] recent, and promising, development [redacted] be setting [redacted] joint companies to [redacted] such domains with foreign [redacted] on the basis [redacted] long leases – recent examples include a Swiss company to grow flowers and a Swedish company to grow vegetables. Such ventures have the advantage of providing know-how to Tunisia and ensuring [redacted] foreign markets.

The authorities however, are wary [redacted] repeating [redacted] costly mistakes of the 1980s when joint ventures of this kind with Gulf and Saudi funds led to widespread corruption and extravagant schemes described by one expert as a "policy of importing Rolls-Royces in lieu of Pegeots".

Two further issues will have to be addressed if Tunisia is one day to have a real farming policy. The first concerns the allocation of credit, for [redacted] only a fifth of farmers are eligible. Farmers are going to have to learn that credit does not amount to handouts.

Conversely, banks [redacted] role [redacted] to include promoting farming will have [redacted] get out of their offices [redacted] learn what risk is all about – a change of mentality which many may find hard but which is all the more necessary in a country whose erratic climate [redacted] farming more risky than industry.

There [redacted] also the vexed matter of how decisions are [redacted] the Ministry of Agriculture. Politics often play a [redacted] part than economics. Many people in [redacted] field argue that the ministry's [redacted] civil servants consti[redacted] great[redacted] threat [redacted] all to the moderni[redacted] of Tunisian farming.

Peru expects oil contracts of $500m

By Sally Bowen in Lima

PERU expects to sign oil contracts worth $500m (£279m) this year with foreign investors, according to Mr Fernando Sanchez Albavera, mines and energy minister.

At the opening of Peru's 20th annual convention of mining engineers in Lima on Monday night, the minister said that exploration contracts with Texas Crude and American Petroleum would be signed within days. He also hinted that half [redacted] dozen other important oil investments were upcoming.

Negotiations over the development of the large Camisea gas and hydrocarbon deposits in the central jungle [redacted] "coming along well", he [redacted]

Mr Sanchez Albavera also revealed that Inter-American Development Bank financing for $140m to rehabilitate Peru's state-owned mining and refining company, Centromin, was "all but approved". Mr Enrique Iglesias, [redacted] president, [redacted] sidered [redacted] project", [redacted]

Other government priority investments include [redacted] the high-grade Tintaya [redacted] mine, now [redacted] from the [redacted] to [redacted] government; the modernisation [redacted] HierroPeru, the [redacted] iron concern; and the expan[redacted] refinery [redacted] Cajamarquilla, which requires $60m funding in its first stage.

[redacted] will no longer invest in mining projects, according to the minister, but [redacted] "promoter of new private [redacted] invest[redacted]". Large modifications [redacted] Peru's mining laws and the [redacted] by Congress [redacted] the World Bank-organised multilateral [redacted] guarantee agreement (MIGA) would also encourage foreign invest[redacted] he [redacted]

Sri Lanka beats India as top tea exporter

SRI LANKA beat India to become the world's biggest tea exporter in 1990, exporting 216m kg of tea compared with Indian exports of slightly less than 206m kg, writes Mervyn de Silva in Colombo.

The local tea trade attributes Sri Lanka's performance to a substantial rise in sales to Jordan, in spite of the disruption of shipping to the Middle East, which accounted for 26m kg more in 1990 than in 1989.

Sri Lanka also maintained regular supplies to Iran [redacted] the United Arab Emirates. Sri Lankan tea exports to Iran nearly doubled while Indian tea sales dropped sharply. The Soviet Union also continued to be a substantial buyer.

Tea production last year at 240m kg compared with the previous record of 229m kg in 1965. The sharp increase in the production of "low grown" [redacted] (teas grown below 2,000 feet) [redacted] an impo[redacted] [redacted]ure, according to the Sri Lankan tea commissioner.

CPRE joins lobby to pay farmers for environmental protection

By Our Agriculture Staff

SUPPORT [redacted] in the EC's [redacted] Agricultural Policy, which would pay farmers [redacted] protect the environment, is coming from apparently opposed UK lobby groups.

The Council for the Protection of Rural England, Britain's largest independent conservation body, is canvassing [redacted] concept of environmental land [redacted] launched originally by [redacted] Country Landowners' Association two [redacted] Under [redacted] the CLA and the CPRE schemes, farmers would be paid directly for using farming methods and management techniques which enhance the landscape and countryside environment.

CPRE support for the CLA ideas comes in documents pub[redacted] tomorrow's [redacted] UK parliamentary [redacted] on agriculture, [redacted] it is [redacted] in the wider context of the reform of the CAP. CPRE goes further than CLA by suggesting "that the bulk of public money paid to the farmers should be tied to the provision of specific environmental [redacted]nefits, rather than, [redacted] at present, the production of food ... Such direct payments should eventually come to replace price-support mechanisms."

The CLA scheme is set in a private enterprise context with [redacted] and [redacted] contracting [redacted] governments [redacted] authorities to provide specific environmental bene[redacted] such as greater access to the countryside or [redacted] management [redacted] areas [redacted] special beauty.

The two schemes are among many ideas currently being debated on the future of European farming.

At the centre of the debate are the EC Commission's own proposals to shift the burden of subsidies from large food producers to small farmers across Europe. The proposals have so far been opposed by Britain in particular. CPRE, 25 Buckingham Palace Road, London SW1 W0PP.

● Total income from UK farming fell by 6.7 per cent to £2.1bn in 1990, the Ministry of Agriculture said in an annual report on farm incomes. This compares with a 21 per cent increase in 1989.

Falling income from cattle, sheep and dairy outweighed a recovery by specialist [redacted] general [redacted] and [redacted] livestock farmers.

MINOR METALS [redacted]

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,675 – 1,730 (1,700-1,750).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.65-2.90 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.95 – 2.20 (1.60-1.85).

COBALT: European free market, [redacted] cent, [redacted] lb, in warehouse, 13.90-14.25 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 135 – 145 (135-150).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.50-2.55 (same).

SELENIUM: European free market, min 99.5 per cent, $ [redacted] lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 50 – 57 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.55-2.65 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 9.30 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

Aluminium prices closed down again on [redacted] LME yesterday, but above earlier lows, [redacted] month metal [redacted] $1,398 a tonne, the lowest level seen [redacted] LME replaced the standard grade [redacted] high [redacted] in June 1987. Traders said that the market was rather hesitant ahead [redacted] possibility [redacted] another attempt to break below the $1,400 level today if [redacted] once again a lack [redacted] any significant consumer demand. Nickel prices retreated after news that LME warehouse [redacted] rose by 414 [redacted] However, support [redacted] on dips [redacted] for three month metal, owing to continued [redacted] supply disruptions from [redacted] and [redacted] Union. Copper traded in [redacted] range held above early lows on chart support, but prevented from advancing by high [redacted] Dealers [redacted] two news items acted as fundamental d[redacted] on the market – the [redacted] in LME [redacted] of 5,375 tonnes to 224,150 [redacted], the highest level [redacted] June [redacted] and data on declining US [redacted] and housing starts. Silver moved back above 400 cents on the London bullion [redacted] reasonably good buying in Europe spilled over on to Comex.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude [redacted] FOB)		+ or -
Dubai	$15.60-5.75u	[redacted]
Brent Blend (dated)	$19.75-9.90	-0.45
Brent Blend (Jun)	$19.45-9.55	-.175
W.T.I. (1 pm [redacted]	$21.20-1.25u	-0.22
Oil products (NWE prompt delivery per tonne CIF)		+ or -
[redacted] Gasoline	$244-246	+2
Gas Oil	$182-183	+½
Heavy Fuel Oil	[redacted]	
Naphtha	$200-202	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	[redacted]	+0.4[redacted]
Silver (per troy oz[redacted]	[redacted]2.5c	+4.5
Platinum (per troy [redacted]	[redacted]	-0.25
[redacted] oz)	$95.55	-0.70
Aluminium [redacted]	[redacted]	
Copper [redacted] Producer)	112⅝c	
Lead (US Producer)	34c	
Nickel (free market)	415c	-1
Tin (Kuala Lumpur market)	14.68r	
Tin (New York)	255.5c	
Zinc (US Prime Western)	[redacted]	
Cattle (live weight)†	109.15p	+0.19*
Sheep (dead weight)†	206.94p	+5.76*
[redacted] (live weight)†	82.98p	-2.48*
[redacted] daily sugar [redacted]	$219.00	
[redacted] daily sugar (white)	$265.0t	+0.5
Tate and Lyle [redacted] price	£229.5	-1.0
Barley (English [redacted]	£124	
Maize [redacted]	£178	
Wheat (US Dark Northern)	£97	
Rubber (May)♥	50.75p	
Rubber (Jun)♥	51.50p	
Rubber (KL RSS No [redacted] May)	228m	
Coconut oil (Philippines)§	$305t	-5
Palm Oil (Malaysian)§	[redacted]	
Copra (Philippines)§	$220q	
Soyabeans (US)	£152	-2
[redacted] "A" Index	83.70c	
Wooltops (64s Super)	342p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. [redacted] q-Jul [redacted] u-Jun. x-Apr/Jun. s-Apr/Jun. †Meat [redacted] average fatstock prices. * change from a week ago. ♥London physical [redacted] ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
[redacted]	[redacted]	[redacted]	High/Low
May	[redacted]	[redacted]	[redacted]
Aug	191.80	[redacted]	[redacted] 189.80
[redacted]	190.20	[redacted]	[redacted]
[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	186.80	[redacted]
May	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Aug	276.5	[redacted]	280.0 [redacted]
Oct	259.0	262.0	261.0 258.5
Dec	255.1	256.0	
[redacted]	260.5	[redacted]	

Turnover: Raw 660 (1453) lots of 50 tonnes. White 612 (1520) [redacted] (FFr per tonne): [redacted] Oct [redacted]

CRUDE OIL – IPE $/barrel			
	Latest	[redacted]	High/Low
Jun	19.57	19.77	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
IPE Index	20.19	20.00	

Turnover 5386 (12200)

GAS OIL – IPE $/tonne			
	[redacted]	[redacted]	High/Low
[redacted]	176.00	175.75	177.75 [redacted]
[redacted]	172.00	171.50	173.25 170.50
[redacted]	171.75	171.00	172.00 [redacted]
[redacted]	173.25	173.00	173.25 [redacted]
[redacted]	175.00	[redacted]	[redacted]
[redacted]	178.00	[redacted]	[redacted]
[redacted]	178.75	[redacted]	179.75 177.00
[redacted]	179.75	[redacted]	[redacted]
Jan	[redacted]	[redacted]	[redacted]

Turnover 6475 (5346) lots of 100 tonnes

JUTE
C and f Dundee BTC $500, BWC $520, BTD $465, BWD $485; C and f Antwerp BTC $485, BWC $490, BTD $465, BWD $460.

COTTON
Liverpool-Spot & shipment sales for the week ended April 12 amounted to 98 tonnes against 126 tonnes in the previous week.

COCOA – London FOX £/tonne			
	Close	Previous	High/Low
[redacted]	661	649	[redacted]
Jul	677	674	[redacted]
[redacted]	[redacted]	686	701 690
Dec	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]
[redacted]	769	776	[redacted]
Jul	796		[redacted] 796

[redacted] lots of [redacted] tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Apr [redacted] 871.47 (851.06) 10 day average [redacted] 859.57 [redacted]

COFFEE – London FOX £/tonne			
	[redacted]	[redacted]	[redacted]
[redacted]	578	580	584 [redacted]
Jul	596	598	[redacted] 594
Sep	616	615	619 613
Nov	632	630	636 636
[redacted]	648	647	650 644
Mar	664	662	[redacted] 660

Turnover:2773 (2208) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Apr 15 : Comp. daily 72.52 (72.08). 15 day average 72.73 (72.73)

POTATOES – London FOX [redacted]			
	[redacted]	[redacted]	[redacted]
[redacted]	131.0	132.0	[redacted]
Mar	139.0	[redacted]	[redacted] 137.5
[redacted]	[redacted]	136.0	139.0 [redacted]

[redacted] lots [redacted] 40 tonnes.

SOYAMEAL – London FOX [redacted]			
	[redacted]	[redacted]	[redacted]
Jun	118.50		118.50
[redacted]	[redacted]	[redacted]	[redacted]
Oct	123.50	[redacted]	123.50

Turnover 35 (45)lots of 20 tonnes.

FREIGHT – London FOX $10/index point			
	Close	[redacted]	[redacted]
Apr	1564	1546	1564 1550
[redacted]	[redacted]		1465 1465
[redacted]	1207	1190	1207 [redacted]
[redacted]	[redacted]	1290	[redacted]
[redacted]	1323	1304	[redacted]
BFI	1582	1565	

Turnover 265 (119)

GRAINS – London FOX [redacted]			
Wheat	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted] 136.50
[redacted]	[redacted]	[redacted]	[redacted]
Sep	[redacted]	[redacted]	
Nov	[redacted]	[redacted]	115.00
[redacted]	[redacted]	[redacted]	High/Low
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]		111.75

Turnover: Wheat 44 [redacted], [redacted] 35 (2). Turnover lots of 100 tonnes.

PIGS – [redacted] FOX (Cash Settlement) p/kg			
	[redacted]	[redacted]	High/Low
Apr	112.5		112.0
Jun	115.5		115.0
Jul	115.5	115.0	115.0
Aug	115.0		[redacted]
Sep	[redacted]	[redacted]	[redacted]
Oct	115.0	114.5	115.0

Turnover:27 (26) lots of 3,250 kg

[redacted] – London FOX					
	[redacted]	Prev.	[redacted]	[redacted]	Vol
Indx	[redacted]	152.97			
May	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jun	[redacted]	152.50	152.20	[redacted]	[redacted]
Sep	151.70	152.10	[redacted]	[redacted]	60

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)						
	Close	Previous	High/Low	AM Official	[redacted]	Open [redacted]
Aluminium, 99.7% purity ($ per tonne)					Total [redacted] turnover	[redacted] lots
Cash	1377-8	1387-8		1379-80		
[redacted]	1409-10	1420-1	1421/1398	[redacted]	1409-10	[redacted]
Copper, Grade [redacted] (£ per tonne)					Total daily turnover	27,423 lots
Cash	1359-61	1353-4	1368/1362	1360-1		
[redacted]	[redacted]	1333.5-4.5	[redacted]	1351-2	1353.5-4	[redacted]
Lead (£ per tonne)					[redacted]	[redacted]
Cash	328.5-7.5	327.5-8.0	325/325	325-5.5		
[redacted]	[redacted]	341-2	341/335	336-6.5	339-9.5	14,945 lots
Nickel ($ per tonne)					Total [redacted]	[redacted]
Cash	8890-900	9080-40	[redacted]	[redacted]-30		
3 months	8925-30	9050-75	[redacted]	[redacted]-61	8930-40	8,094 lots
Tin ($ per tonne)					Total [redacted]	[redacted] lots
Cash	5470-80	5470-5	5473/5472	5470-2		
[redacted]	5570-5	5567-8	5575/5570	5565-72	5575-80	[redacted]
[redacted] High Grade ($ per tonne)					Total [redacted]	[redacted] lots
Cash	1420-30	[redacted]	[redacted]	1430-5		
3 months	1200-1	[redacted]	[redacted]	1206-7	[redacted]	[redacted] lots

LME Closing [redacted] rate: SPOT: 1.7655 3 months: 1.7608 6 months: 1.7491 9 months: 1.7321

LONDON BULLION MARKET [redacted] supplied by [redacted]		
Gold (fine oz) $ price		£ equivalent
Close	360.40-360.80	
[redacted]	358.90-360.40	
Morning fix	[redacted]	200.759
Afternoon fix	[redacted]	202.240
Day's high	361.00-361.40	
Day's low	358.40-359.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 [redacted]	[redacted]	[redacted] months	5.14
2 [redacted]	5.20	[redacted]	[redacted]
3 months	5.20		

Silver fix	p/fine oz	US cts equiv
Spot	224.20	402.40
3 months	230.60	408.20
[redacted]	236.80	414.45
[redacted]	245.55	423.20

GOLD COINS [redacted] by Engelhard [redacted]		
	[redacted]	£ equivalent
Krugerrand	[redacted]	[redacted]
Maple leaf	[redacted]	[redacted]
New Sovereign	87.00-88.00	48.75-49.25

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
[redacted] 5 tonne	May	[redacted]	[redacted]	[redacted]
1300	89	116	1	16
1400	15	51	28	41
1500	0.5	[redacted]	111	104
Copper (Grade A)	Calls		Puts	
2350	88	88	5	32
[redacted]	26	51	38	104
2550	[redacted]	23	114	174
Coffee	May	Jul	May	Jul
550	27	57		[redacted]
600		27	28	39
[redacted]		11	73	64
Cocoa	May	Jul	[redacted]	Jul
600	51	61		5
650	8	44	5	18
700		[redacted]	49	44
Brent Crude	Jun	Jul	Jun	Jul
[redacted]	[redacted]		45	[redacted]
[redacted]	[redacted]			
[redacted]	60	[redacted]		

CRUDE OIL (Light) 42,000 US galls $/barrel				
	[redacted]	[redacted]	High/Low	
May	21.70	21.91	21.86	[redacted]
[redacted]	[redacted]	21.43	21.43	[redacted]
Jul	20.90	20.99	[redacted]	20.77
Aug	20.62	20.70	[redacted]	20.61
[redacted]	[redacted]	20.49	20.49	20.34
Oct	20.29	[redacted]	20.35	20.20
Nov	20.19	20.26	20.26	20.15
Dec	20.15	20.20	20.20	20.05
[redacted]	[redacted]	[redacted]	20.10	20.02
Feb	20.00	20.06	20.05	19.98

HEATING OIL [redacted] US galls, [redacted] galls				
	Latest	[redacted]	High/Low	
[redacted]	5620	5693	5710	5575
Jun	5806	5632	[redacted]	[redacted]
Jul	5610	5635	[redacted]	[redacted]
Aug	5665	5683	5705	5620
Sep	5800	5806	5820	5770
[redacted]	5865	[redacted]	5925	5866
[redacted]	[redacted]	[redacted]	6000	5950
[redacted]	[redacted]	[redacted]	6095	6035
[redacted]	[redacted]	[redacted]	6085	[redacted]
[redacted]	5936	5948	5995	[redacted]

COCOA 10 tonnes;$/tonnes				
	[redacted]	[redacted]	High/Low	
[redacted]	1080	1081	1105	1063
Jul	[redacted]	1111	1138	[redacted]
[redacted]	1147	1141	[redacted]	1146
[redacted]	1188	1180	1204	1187
[redacted]	1221	[redacted]	1235	1231
[redacted]	1250	1241	0	0
Jul	[redacted]	1267	0	0
Sep	[redacted]	0	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	[redacted]	[redacted]	High/Low	
[redacted]	92.15	[redacted]	[redacted]	[redacted]
Jul	[redacted]	[redacted]	[redacted]	[redacted]
Sep	98.50	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	99.05
[redacted]	102.25	101.90	102.60	102.50
[redacted]	104.25	104.00	104.30	104.30
Jul	[redacted]	[redacted]	0	0
Sep	[redacted]	[redacted]	0	0

SUGAR [redacted] "11" [redacted] lbs; cents/lbs				
	Close	[redacted]	High/Low	
May	[redacted]	8.86	8.70	8.60
Jul	[redacted]	8.56	8.59	8.51
[redacted]	8.46	[redacted]	8.54	8.41
[redacted]	8.43	[redacted]	8.49	8.38
[redacted]	[redacted]	8.52	8.52	[redacted]
Jul	8.55	8.57	0	0

COTTON 50,000; cents/lbs				
	[redacted]	[redacted]	High/Low	
May	[redacted]	[redacted]	[redacted]	[redacted]
Jul	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	75.07	75.30	[redacted]
[redacted]	71.10	[redacted]	71.12	70.65
[redacted]	72.20	[redacted]	72.10	71.80
Jul	72.81	72.81	72.85	[redacted]

ORANGE JUICE 15,000 lbs; [redacted]				
	[redacted]	[redacted]	[redacted]	
May	116.90	115.75	116.50	115.60
Jul	116.65	116.30	117.25	[redacted]
[redacted]	116.55	116.65	116.90	116.55
[redacted]	117.10	117.10	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Apr [redacted]	Apr 15	mnth ago	yr ago
[redacted]	[redacted]	[redacted]	1926.9

DOW JONES (Base: Dec. [redacted] 1974 = [redacted])				
	Apr 12	Apr 11	mnth ago	yr ago
Spot	126.27	[redacted]	125.63	135.[redacted]
[redacted]	[redacted]	[redacted]	129.43	133.[redacted]

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
[redacted]	361.4	361.6	[redacted]	361.2
May	362.0	362.2	0	0
Jun	[redacted]	363.2	364.4	362.7
Aug	366.0	366.1	367.3	366.0
Oct	369.1	369.2	0	0
Dec	372.4	[redacted]	373.6	372.3
[redacted]	[redacted]	[redacted]	0	0
[redacted]	[redacted]	[redacted]	0	0
[redacted]	[redacted]	382.5	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	399.3	399[redacted]	0	0
Jul	[redacted]	403.8	404.6	[redacted]
Oct	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Apr	414.8	415.3	415.0	415.0
Jul	419.3	419.8	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	[redacted]	[redacted]	High/Low	
Apr	[redacted]	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	399.5
Jun	404.3	401.5	408.5	405.5
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dec	418.7	415.8	422.0	417.0
Jan	421.0	418.1	0	0
[redacted]	426.3	423.4	430.0	430.0
May	[redacted]	[redacted]	0	0
Jul	[redacted]	[redacted]	0	0

HIGH GRADE [redacted] 25,000 [redacted]				
	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	107.90	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	108.10
Jun	[redacted]	[redacted]	[redacted]	107.95
Jul	107.55	107.20	107.75	107.15
Aug	[redacted]	106.75	0	[redacted]
[redacted]	[redacted]	106.25	[redacted]	106.30
Oct	105.95	[redacted]	0	0
[redacted]	105.65	[redacted]	0	0
[redacted]	[redacted]	104.75	105.10	104.75
[redacted]	[redacted]	104.15	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60 lb bushel				
	Close	Previous	High/Low	
May	589/0	585/[illegible]	590/6	584/6
Jul	602/0	597/[illegible]	603/0	598/4
Aug	605/4	602/4	607/2	601/4
Sep	609/4	605/4	611/0	605/0
Nov	619/0	615/2	620/2	614/0
Jan	630/4	627/0	630/4	625/0
Mar	640/4	636/4	640/4	639/4
May	648/0	644/4	648/0	645/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	21.46	21.50	21.63	21.38
Jul	21.80	21.83	21.98	21.71
Aug	21.98	21.98	22.10	21.90
Sep	22.12	22.12	22.27	22.04
Oct	22.26	22.25	22.38	22.17
Dec	22.40	22.48	22.62	22.37
Jan	22.58	22.61	22.70	22.53
Mar	22.84	22.82	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	172.9	171.4	173.0	[illegible]
Jul	176.5	174.9	176.6	[illegible]
Aug	177.8	176.3	177.9	[illegible]
Sep	179.7	178.2	180.0	[illegible]
Oct	180.4	179.3	180.7	[illegible]
Dec	183.7	182.5	184.0	[illegible]
Jan	184.2	182.7	0	[illegible]
Mar	186.2	186.0	0	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	256/6	257/0	257/4	[illegible]
Jul	263/6	263/6	264/6	[illegible]
Sep	262/6	263/0	264/0	[illegible]
Dec	261/4	261/4	262/6	[illegible]
Mar	269/4	268/2	270/4	[illegible]
May	274/6	274/4	275/4	[illegible]
Jul	278/4	277/4	279/0	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	282/2	283/2	284/6	[illegible]
Jul	292/4	293/2	295/0	[illegible]
Sep	301/0	302/4	303/4	[illegible]
Dec	315/0	315/4	316/4	[illegible]
Mar	323/4	324/0	324/4	[illegible]
May	326/4	327/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	80.62	80.95	80.95	[illegible]
Jun	76.75	76.87	76.98	[illegible]
Aug	74.67	74.85	74.90	74.52
Oct	76.12	76.37	76.35	76.00
Dec	76.27	76.55	76.45	76.20
Feb	76.00	76.10	76.10	76.00
Apr	76.60	76.75	76.60	76.40

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	52.65	52.50	52.90	52.30
Jun	58.05	57.62	58.30	57.55
Jul	57.45	57.15	57.65	57.02
Aug	54.47	54.05	54.60	54.00
Oct	49.15	48.70	49.20	48.90
Dec	48.47	48.20	48.57	48.30
Feb	47.90	47.60	47.97	47.60
Apr	46.40	46.30	46.40	46.35

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	63.17	62.65	63.60	62.55
Jul	61.52	61.02	61.90	60.90
Aug	58.45	57.92	59.00	58.10
Feb	60.25	60.65	60.50	60.10
Mar	60.40	60.40	0	0

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LONDON STOCK EXCHANGE

Market weakens on the latest data

London equites staged a sharp reversal yestrday as early bid talk was ovewhelmed by concern that th next cut in UK interest rate was be several months [illegible].

The initiastrength followed Hanson's £500m cash raising exercise in the Euromarkets. A familiar listof possible bid targets did therounds in the market, and seral of them managed to hol on to small gains made as aesult. This speculative activy initially pushed the FT-SE 100 index to a new intra dayhigh of 2555.3 but trading was light and the rise almost imediately triggered selling ofFootsie futures contracts.

Sentiment was not helped by suggestions that the Bundesbank might raise German interestates at its fortnightly meetingomorrow. Last week another German rate, the repo, moved slightly higher and shares were similarly edgy before the last Bundesbank meeting.

Account Dealing Dates		
*First Dealings:		
Apr 2	Apr 15	Apr 29
Option Declarations:		
Apr 11	Apr 25	May 16
Last Dealings:		
Apr 12	Apr 26	May 17
Account Day:		
Apr 22	May 7	May 28

*New-time dealings may take place from 8.30 am two business days earlier.

Some analysts suggested that a rise of about half a percentage point was a possibility tomorrow, although money market activity in Frankfurt appeared to point to no immediate change.

The London mood darkened further as the latest statistics on UK output prices under[illegible] the market's [illegible] there was a floor [illegible] interest rates. Factory [illegible] prices rose 0.7 per cent last month, leaving the [illegible] per cent for the third month in succession.

If traders and investors needed confirmation that this implied that the underlying rate of inflation is still a problem for the government, they had only to look at the money markets. If inflation stays high, as output price statistics suggest, so will the price of money.

Three month interbank rate – which is an expectation of the average base rate over the next three months – closed at 11⅞ per cent, compared with the base rate now of 12 per cent.

The gilts market was dull as a result. Much of last week's tap [illegible] issue remained unsold and prices generally were trimmed. "It is cheaper to buy in the market," said Mr Paul Walton [illegible] James Capel.

Mr Walton added that equity strategists were trying to anticipate the effect the May local government elections might have on share price sentiment. Analysts were preparing contingency responses to both good and bad performances by the ruling Conservative party.

Sterling lost some ground yesterday and this led several large-capitalisation issues to underperform an already slipping stockmarket. Shares fell steadily from the day's peak, not helped by a weak opening on Wall Street, to end just above the day's low at 2519.5, a net decline of 23.3. The swing on the day was more than 37 points.

Turnover at 446m shares was a little higher than the previous [illegible] depressed level but still less than the volume the market has become accustomed to in the bull run that started in January.

The reversal of fortune was also seen in the futures market, which moved in a 50 point [illegible]. Traders said [illegible] the June contract dropped through a support level, and [illegible] ued to fall in [illegible] trading.

Apart [illegible] Hanson, corporate news was thin [illegible] the ground. There was one small rights issue from engineering [illegible] EIS.

It [illegible] as [illegible] reminder to the market that with the Footsie so near its all-time high that more, and larger, rights issues were likely in the short term.

SmithKline rises on drug sales

SmithKline Beecham put in a good performance in the wake of presentations to analysts in London and New York. The gain was at the expense of Glaxo because much of the discussion with the analysts concerned patents on money-spinning drugs where worries have hit both [illegible] in recent weeks.

Analysts heard how the expiry of the patent on SmithKline's best seller Tagamet would be compensated for by the sales of two new drugs: Seroxat, an anti-depressant drug, and Augmentin, an antibiotic.

SmithKline hinted that sales of Seroxat would pass £1bn a year – an unofficial definition of blockbuster drug – later in the decade while Augmentin would be a bigger seller than Tagamet within two years.

SmithKline gained 9 to 818p on steady turnover of 1.6m. Traders noted switching out of Glaxo, down 15 to 1085p on 2.2m.

Hanson active

Turnover in Hanson leapt to 2m in the wake of the company's announcement that it was raising £500m through an issue of 15-year convertible Eurobond with a 9½ per cent coupon.

The news restarted speculation that the acquisitive Hanson was going to bid for a large company. Although all suggestions were greeted with some scepticism by traders. Hanson itself lost to 220p.

Possible candidate

Among market reactions to the Hanson's fund raising was to link the news with recent suggestions that Brent Walker could be about to divest itself of its successful William Hill bettingshops operation.

Brent Walker shares moved higher amid speculation that Hanson may be keen on acquiring the cash-generative William Hill organisation which comprises some 1,700 bettingshops throughout the UK.

Specialists were sceptical about any Hanson move on William Hill but said there was little doubt that Brent Walker, with debt well in excess of £1bn would be happy to sell William Hill. "Some form of divestment from Brent Walker seems likely in the medium term," said one analyst.

Brent Walker acquired William Hill in the autumn of 1989 for some [illegible] financed by bank borrowings. Brent Walker shares, responding to hopes that a William Hill sale will eventually materialise, moved up to 79p before slipping back to close a net [illegible] higher at 75p.

Foremost among FT-SE stocks considered vulnerable to any predatory move by Hanson was Pilkington. Previous speculation of a possible bid from rival conglomerate and stake[illegible] BTR was forgotten [illegible] Pilkington [illegible] against the market to touch 207p. Later they came away from the highest to close a net 3 firmer at 205p [illegible] 4.1m shares.

[illegible] Hanson [illegible] Allied-Lyons, which last [illegible] weakness on the disclosure of a large currency loss. [illegible] sceptical of the Hanson speculation, but Allied still rose 6 to 535p.

Only minor improvements were scored by [illegible] stocks thought likely to attract the attention of Lord Hanson. Hawker Siddeley weakened because it was omitted from the list of possibles, and the shares ended 15 down at 587p.

J Sainsbury, the food retailer, dropped 11 to 379p after analysts drew attention to the shares' recent strong performance. Since the beginning of April, Sainsbury has risen by nearly 10 per cent against a 2.5 per cent gain by the FT-SE 100 index.

Some brokers recommended selling, while others advised switching into slower performers such as Tesco and Argyll. There were also suggestions that the rise in its share price may tempt bond holders to consider converting [illegible] equity.

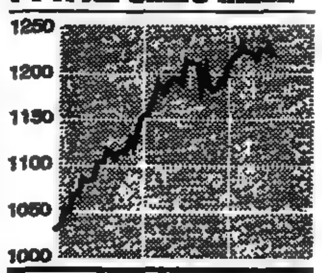
Mr Paul Smiddy of [illegible] Benson said full conversion of the 1989 [illegible] bond would add 50m shares to circulation. Argyll was 3 lower at 316p, while Tesco was off a penny at 282p.

The near two week run in oil shares was brought to a halt by a bout of minor profit-taking triggered by the general decline in UK markets and the initial fall in US equities. Turnover, although [illegible] recent enhanced levels, remained keen as a small rise crude oil prices prompted the emergence of a number of buyers at the close.

Ultramar was a notable weak spot, the shares sliding 9 [illegible] a number of [illegible] of the ordinary and into the group's convertible stock; turnover in the ordinary reached a higher-than-usual 1.2m shares.

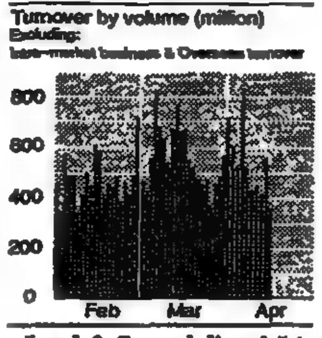
Lasmo outperformed the sector, touching [illegible] closing a net 2 firmer at 366p after being given a strong push by Mr David Stedman at Daiwa, the Japanese-owned securities house. Mr Stedman described Lasmo shares as "underva[illegible] and overlooked," and said Lasmo was looking at rising production – breaking through the 100,000 barrels a day [illegible] 199[illegible]. He focused on Lasmo's big drilling programme in the next six months and pointed out Lasmo's 24 per cent underperformance of the market since the [illegible] of the year.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Legal & General dipped 5 to 465p in front of today's new business figures for the first quarter. These, analysts said, are expected to show a drop of between 10 and 15 per cent on the same period last year.

A technical correction of the stock's outperformance over the past four weeks - 7½ per cent against the wider market – left Rolls-Royce 7 lower at 170p. The situation was brought on, according to traders, by two sizeable sellers not handling their business too well and pushing marketmakers into passing stock around the market as they adjusted book positions.

Regional brewer J A Devenish outshone the leading stocks, rising 10 on persistent buying interest to achieve the best level this year of 204p. Smith New Court, the investment house, has favourably rated the company since hosting a presentation back in January.

The software stocks held the limelight in electronics. Sema extended their recent st[illegible] decline, closing a further 14 off at 335p with the market still expecting Cap Gemini Sogeti to sell its badly-performing 27.4 per cent [illegible] and [illegible] one of the [illegible] groups. SD-Scicon, long spoken of as a bid target, edged higher to 37p.

Among the other software issues a comprehensive review of the [illegible] by Ms [illegible] Macarthy at Panmure Gordon highlighted the attractions of Sage, Macro 4, Misys and Sherwood Computer. Sage jumped 15 to [illegible] with the "new" shares [illegible] up at 50½p. Misys [illegible] to move higher, adding 9 to [illegible]p. Sherwood [illegible] up 15 to [illegible].

Talk [illegible] TI Group, [illegible], with fellow engineering group Siebe, 423p, [illegible] ment in both [illegible] lost 6 and 11 respectively. Mannesmann, the big German engineering company, holds more than 7 per cent of TI Group, and has admitted its desire to tackle a "large to very large project."

Marks and Spencer, a strong performer since the begining of April, slipped back 5 to 258p as 4.4m shares changed hands on renewed suggestions of weak food sales.

Caird Group, the waste [illegible] which suf[illegible] traumas in 1990, traded briskly as investors interpreted confidently the news [illegible] several main board directors, including the chief executive Mr Peter Linacre, had increased their holdings.

The stock rose to 67p before settling 7 up on the session at 65p. Turnover was heavy at 2.4m shares. Severn Trent Water holds a near-30 per cent stake after allowing a conditional bid of 100p per share for Caird to lapse last year.

Smaller-priced and USM-listed Porth advanced 3 more to [illegible]p on continued hopes that Sir Michael Edwardes, the former head of British Leyland, will become [illegible] company.

■ Other Market statistics, including the FT-Actuaries share index, Page 20

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (179). [illegible] Cynamid, Gen Elect., Lone Star, Lowes, Merrill Lynch, Texaco, [illegible], CANADIANS [illegible] Tay Homes, Ward. [illegible] French [illegible] Forward Tech., Johnson Elect., Micro [illegible], Neotronics, Nilsn. Telecom, [illegible] Penny & Giles, Pilco, [illegible] Sherwood Comp., TDK, [illegible] Davy, Johnson & Firth, Metalrax, [illegible] FOODS (6) Iceland [illegible] Amer Bus Systems, Astra B, [illegible] Dauphin, Davis (Godfrey) [illegible] 7¼pc Prf., [illegible] Fogas, [illegible] Pilkington, Do. Wrnts, Russell [illegible] Furniture, [illegible] INSURANCE (1) Britannia [illegible] Central ITV, [illegible] Radio, [illegible] Abroad, Do. [illegible] Stanley Leis., Surrey, [illegible] Pendragon, Perry, NEWSPAPERS (4) Bristol [illegible] Bulletin, Quarto, [illegible] Olives, Waddington [illegible] Gaskell, TRANSPORT (3) BAA, Tibbett & Britten, TRUSTS [illegible] American, [illegible] Inc., [illegible] Japan, Cons. Venture, Do. 120 Wrnts., EFM Java, F & C Schaffer Co's, First Tokyo Index, Fleng Amer., Fleng Fledg., Fleng Japanese, Foreign & Col., G. [illegible] Stppd. Prf., GT Japan, Gen. Chile Fd., [illegible] Cons. Stppd. Prf., Govett Atlantic, JF Pac. Wrnts., Jersey Phoenix Wrnts., Do. Wrnts., Lancs & London, M & G Dual Inc., Do. 2nd Dual Inc., Martin Currie Pac., Do. Wrnts., Mexico Fd., Pac. Assets, Pac. Horizon Wrnts., River & Merc. Am. Inc., River & Merc. Extra. Inc., SPLIT Inc., SPRAIT 6.3-12.3pc. Pfg., Scot. Amer., Scot. Natl. Stppd. Prf., Scot. & Merc., Scot. Cities, Sec. Alliance, Second Mkt., Select Assets Ln. 2013, Do. Ln. Sers II, Shires, Strata, TR Tech, Stppd. Prf., Do. Zero Prf., Thai Euro Fd. Throgmorton, Do. Wrnts., Throgmorton Dual Tst. Inc., Venturi Inc., WATER (1) Northumbrian, OILS (4) Br. Borneo, Ranger, Royal [illegible], Shell Trans., MINES (2) Impala Plat., [illegible], Rand Mines.

NEW LOWS (28). CANADIANS (3) [illegible] Gold, [illegible] Astra, [illegible] (1) Usher (F), ELECTRICALS (4) Arlen, Chloride, Densitron, Sema, ENGINEERING (1) Kvaerner B. INDUSTRIALS (6) Alexandra Workwear, [illegible] Midlands Radio, [illegible] Vardon [illegible] Calm E[illegible] Clubs Wrnts, [illegible] State Dev., Harmony, Palsent Res., [illegible] Vanderspoel.

APPOINTMENTS

Promotions a Barclays

Mr Andrew Buxton *(left)* has been appointed a deputy chairman of BARCLAYS, and Mr Humphrey Norrington *(right)* becomes vice chairman. Mr Buxton remains group managing director, and Mr Norrington deputy group managing director and finance director of Barclays.

■ YORKSHIRE BUILDING SOCIETY ESTATE [illegible] has appointed Mr James R. Morrison as managing director from June 1. He is head of operations (UK) for General Accident Fire and Life Assurance Corporation, and succeeds Mr Barry Davies, the Society's general manager (administration/staff) who has held the post of managing director on a part-time basis.

■ SOFTWARE SYSTEMS management and staff have bought out the majority stake in their company held by Micro Focus and have made the following board changes. Two Software Systems divisional managers are appointed to the board, Mr Paul Frew (application division) and Mr Tim Gatland (technical division). Mr David Thomson of Syntech and Mr Colin West, previously deputy chairman of Micro Focus, become non-executive directors. The two Micro Focus non-executive directors on the board have resigned.

■ Softgels encapsulation specialist R.P. SCHERER, Swindon, has appointed Mr Roy Simpson as sales and marketing director. He was marketing manager of Ciba Consumer Pharmaceuticals.

■ MEDEVA has appointed Mr Kenneth Brian Sinclair to the board as a non-executive director. Mr Sinclair, a director of Barclays Bank, is also chairman of Barclays de Zoete Wedd Securities.

■ REA BROTHERS GROUP has appointed Mr Glen R. Moreno as a non-executive director. A US citizen, he is a director and former president of Fidelity International, and is chairman of the Taiwan Fund, and Indonesian Capital Fund.

■ Sir Peter J. Phillips has been elected chairman of THE PRINCIPALITY BUILDING SOCIETY, Cardiff. He is chairman of AB Electronic Products Group, and succeeds Mr Brian David who has retired.

■ OPTICAL AND MEDICAL INTERNATIONAL [illegible] appointed Mr Gilbert Williams as chief executive. He was chief operating officer.

■ Mr D.C. Heath, in his present capacity as managing director of [illegible] UK, will in addition assume the responsibilities of chief executive of BRITISH LEAD MILLS, a subsidiary, on the [illegible] of Mr [illegible] Cameron on June 30.

■ Mr R. Allan Bale has been appointed INCO EUROPE'S production director and general manager of the Canadian group's nickel refinery at Clydach, near Swansea in [illegible] to Mr Brian K. Davison, who will retire on May [illegible] after 30 years with the company. Mr Bale joined Inco in 1966 and most recently has been assistant general manager at the Clydach refinery. His responsibilities as production director include the Inco platinum group metals refinery at Acton, London.

■ Mr Peter Jacobs is to become chief executive designate of BUPA from May 13 following the retirement of Mr Bob Graham. Mr Jacobs [illegible] from Berisford [illegible] where he was chief executive, and chairman of British Sugar, its principal subsidiary.

■ CHANNEL EXPRESS GROUP has appointed Mr Ian Fox to the board. He joined the group in 1988 as general manager [illegible] Channel Express [illegible] Services).

■ LEEDS PERMANENT BUILDING SOCIETY has appointed Mr Derek Cook, deputy chairman of Pilkington, as a non-executive director.

■ Mr David Harrison has been appointed senior general manager, corporate banking division, LLOYDS BANK. He is general manager, risk management, and takes his new post on June 1, succeeding Mr Sydney Shore who retires at the end of May due to ill health.

KPMG has appointed Dr Brian Collins *(pictured)* as a partner responsible for telecommunications, information systems security and open systems at KPMG Management Consulting. He was director of science and technology at GCHQ, Cheltenham.

FINANCIAL TIMES STOCK INDICES

	Apr 16	Apr 15	Apr 12	Apr 11	Apr 10	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	[illegible]	[illegible]	85.35	[illegible]	85.39	[illegible]	85.88 ([illegible])	82.17 ([illegible])	127.4 ([illegible])	[illegible] (3/1/75)
Fixed Interest	94.67	94.75	94.77	94.76	[illegible]	[illegible]	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	[illegible]	2003.8	[illegible]	2002.2	[illegible]	[illegible]	[illegible] (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	179.7 (14/1)	[illegible] (22/2)	734.7 ([illegible])	43.5 (26/10/71)
FT-SE 100 Share	2519.5	2542.8	[illegible]	[illegible]	2518.8	[illegible]	2545.3 (5/4)	2054.8 (16/1)	[illegible] (5/4/91)	[illegible] (23/7/84)
FT-SE Eurotrack 200	1161.90	[illegible]	[illegible]	[illegible]	[illegible]	-	1176.39 ([illegible])	938.62 (16/1)	1176.39 (15/4/91)	938.62 ([illegible])
●Ord. Div. Yield	[illegible]	[illegible]	4.84	4.85	[illegible]	5.16				
●Earning Yld %(full)	[illegible]	[illegible]	8.62	8.61	[illegible]	11.93				
●P/E Ratio(Net)(☆)	13.88	13.98	13.94	13.97	13.87	[illegible]				
SEAQ Bargns 4.45pm	30,305	[illegible]	41,257	[illegible]	[illegible]	19,214				
Equity Turnover(£m)†	-	[illegible]	1253.31	[illegible]	[illegible]	758.62				
Equity Bargains†	-	[illegible]	[illegible]	[illegible]	[illegible]	18,996				
Shares Traded (ml)†	-	362.4	[illegible]	[illegible]	[illegible]	[illegible]				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/[illegible] ‖ FT-SE Eurotrack 200 26/10/90. ☆ [illegible]

Ordinary Share index, Hourly changes — Day's High 2015.2 — Day's Low 1984.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2007.3	2013.3	2002.3	2000.4	1994.4	1986.5	1988.3	1988.0	1985.1

[illegible] Hourly changes — Day's High 2555.3 — Day's Low 2518.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2546.3	2553.8	2540.8	2538.9	2529.5	2521.6	2521.0	2523.5	2519.6

FT-SE Eurotrack 200, hourly changes — Day's High 1189.75 — Day's Low 1160.39

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1189.26	1189.07	1189.42	1186.75	1164.84	1163.45	1161.83

GILT EDGED ACTIVITY

Indices*	Apr [illegible]	Apr 15
Gilt Edged Bargains	86.1	103.1
5 – Day average	107.1	114.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel: 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday [illegible]

EQUITY FUTURES AND OPTIONS TRADING

THE JUNE FT-SE [illegible] contract made one last futile attempt yesterday at testing 2,600 before the weight of sellers proved too much and it slumped back below 2,550.

A surprisingly strong overnight close on Wall Street initially left floor [illegible] on the London International Financial Futures Exchange short and prices were marked higher with June FT-SE hitting 2,592 at one stage.

But a sell note from UBS Phillips and Drew encouraged a bout of profit taking and, with little support from the cash market, equity futures quickly gave up their gains, dragging the stock market lower in the process.

At one stage June FT-SE was trading just 20 points above the spot index, compared with the 30 point premium which brokers' calculate is necessary to take account of future dividend payments and the cost of finance.

June FT-SE closed at 2,549, down 27. In after hours dealing it slipped to 2,542.

Hanson puts were bought and calls sold as investors who had taken up the £500m bond issue hedged themselves. Speculation that Hanson may use the extra cash to bid for either Pilkington or Trafalgar House triggered busy trade in their options.

Cadbury Schweppes was lifted by selling of August 420 calls and buying of 390 puts.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

"Shorts" (Lives up to Five Years) — Five to Fifteen Years — Over Fifteen Years — Undated

BRITISH FUNDS – Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS – Contd

1991 High	1991 Low	Stock	Price £	+ or –	Div Gross	C'vr	Gr's
48½	37¼	CPC Intnl. 25c	46¾	+¼	$2.00	–	2.3
717p	420p	California Engy	706p				
[illegible]							

CANADIANS

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

Continued on Page 31

هكذا من الأصل

FINANCIAL TIMES SURVEY

TELFORD AND SHROPSHIRE

Wednesday April 17 1991

Recession has come as Telford and the county at large are beginning a process of profound economic change. After the rapid expansion of the 1980s, growth is slowing and unemployment is almost back to 1979 levels. **Paul Cheeseright**, Midlands Correspondent, reports

New phase for a new town

TH' economic sun has dimmed [illegible] the county of Shropshire and [illegible] most striking point of growth, Telford. Not that there is catastrophe in the air; rather, that expectations [illegible] fostered in [illegible] second half of the Thatcher decade are blighted both by the present recession and the likelihood of slower growth after it.

Retrospectively, [illegible] years from [illegible] to 1989 [illegible] like a brilliant summer for Telford, albeit rather duller for the rest of the county.

During that period, as the national economy strained to expand, Telford grew. The new town, [illegible] as an overspill for the Birmingham-Black Country conurbation, found [illegible] independently [illegible] turned out, there was not as much to spill over from the conurbation as had been envisaged 25 years ago. Companies arrived, not only from around the UK, but from overseas.

The effect, in county terms, was startling. Of the industrial and warehousing land taken up in Shropshire during the 1980s, 82 per cent was in Telford. Job creation in Telford, part of the Wrekin district, overshadowed what was taking place in the rest of the county.

"During the last 10 years", the county council says in a new economic strategy document, "Shropshire has experienced a massive cycle in unemployment with rates returning in 1989 to almost the same rate as in 1979. The continued reduction in unemployment in the county since 1985 appears to have bottomed out and is now on a rising trend."

Of all the counties in England, Shropshire evokes most strongly the notion of the rural idyll.

But the dreamy quality of its landscape and the erroneous idea that it is somehow geographically remote from urban strain hide the harsh fact that, in the county at large, average earnings for male workers are the lowest in the West Midlands region and the second lowest of any county in the UK.

Reduction of European Community farm subsidies and the ripple effects throughout the local economy of diminishing farm incomes, although not unique to Shropshire, are hurting badly.

Agricultural and industrial recession come together in Shropshire. Telford has been buoyant and the announcements of new investment plans by various companies continue to [illegible] through.

But just as changes in [illegible] and European [illegible]munity farming policy hurt the rural county, [illegible] the fall in demand for manufactured prod[illegible] hurt industrial Telford.

The closures of J. P. Woods at Craven Arms and Dairy Crest at Ellesmere were the rural economy equivalents of the redundancies at the Telford manufacturing plants of MCG Lancepack, Tatung (UK), IHW Engineering and Birtley Building Products.

Unemployment in the Telford and Bridgnorth travel-to-work area, under the national average at 5.4 per cent in January 1990, had crept up to 7.2 per cent, the national average, by February 1991. Between January 1990 and January 1991 the number of unfilled job vacancies fell by more than one-third.

There are, then, jarring notes in the song of success which the Telford Development Corporation, which runs the new town, has become accustomed (with some justification) to chant.

It was able to ride the economic expansion of the late 1980s, attract new [illegible] and provide the new jobs because, during the lean years of [illegible] early [illegible], [illegible] had [illegible] [illegible] serviced land and readied [illegible].

Retrospectively, the years from 1985-1989 look like a brilliant summer for Telford

In a real sense, the Development Corporation had prepared the ground. New jobs in Shropshire largely went to Telford.

However, Mr Robert Truslove, chief executive of the Shropshire Chamber of Industry and Commerce, suggests that "there is a danger in an area like Shropshire of the creation of new jobs masking the difficulties that companies are experiencing".

There is [illegible] familiar litany of cashflow problems and inter[illegible]. But, for Shropshire in general and Telford in particular, there is the hazard of inexperience.

"To survive a recession", Mr Truslove says, "there are two things which are useful. One is to have survived one before and the second is to have a track record.

"A lot of the companies here are young, they were set up in the last 10 years, so a high proportion have never [illegible] through a recession and [illegible] have a track record."

Most of the new companies were set up in the second half of the 1980s and high [illegible] rates have hit them hard. "They borrowed at low [illegible]. When they came to their second phase development they couldn't afford to fund it", notes Mr Truslove.

It is a sign of the times that new [illegible] activity has slackened. In 1990-91, [illegible] number of companies in Shropshire withdrawing from value-added tax registration was greater than those registering.

It is also a measure of the times that, as Mr Christopher Mackrell, commercial director [illegible] the Telford Development Corporation, acknowledges, the proportionate rate of growth in the new town is not as fast as in the past: some projects [illegible] being deferred.

'Shropshire has experienced a massive cycle in unemployment'

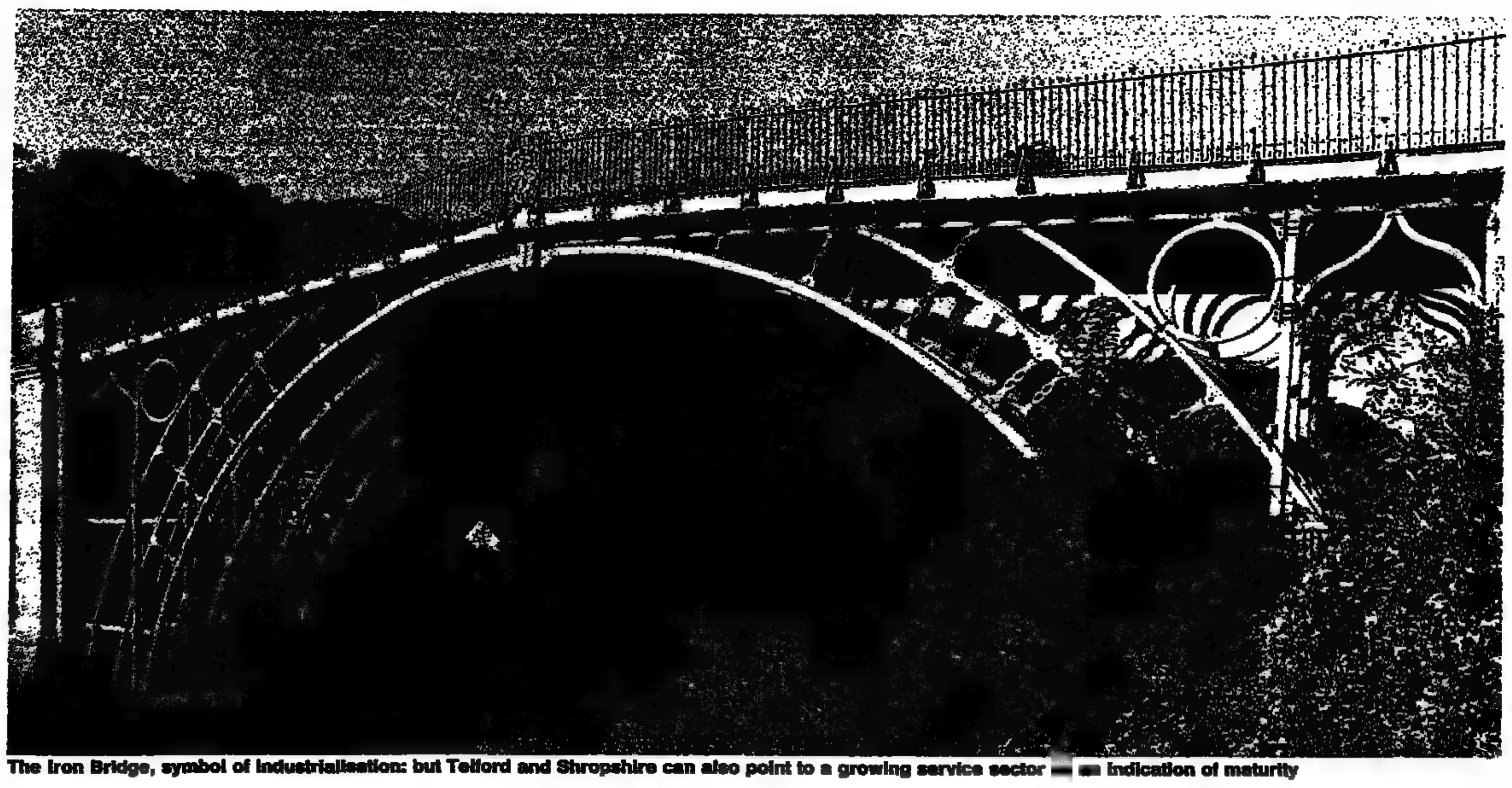
"The level of enquiries in pure number terms is down on what it was last year", he says.

The recession catches both Telford and the county at large at the start of a process of profound economic change. Clearly, rural Shropshire [illegible] no longer rely on farming and its spin-off industries to maintain an acceptable quality of life. The development of Telford is entering a new phase.

"Unemployment, the need for industrial/commercial land [and] falling relative 'real' wages dictate the need for positive action and an adequate supply of industrial and commercial land throughout the county if the economy of the area [illegible] to worsen during the next 10 years", declares the county council.

Moves [illegible] being taken [illegible] rural economy with industry, to encourage the growth of tourism and to wean the farming community away from excessive reliance on bulk products to those with a higher added value. It is a slow and painstaking [illegible].

For its part, Telford will soon be in the throes of organisational change.



The Iron Bridge, symbol of industrialisation: but Telford and Shropshire can also point to a growing service sector [illegible] indication of maturity

IN THIS SURVEY

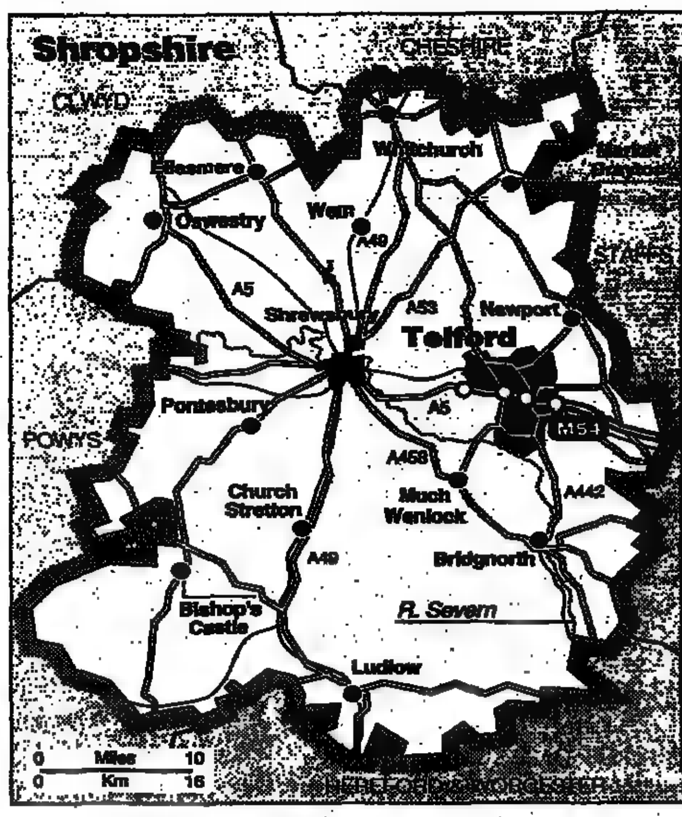
The 10-year life of the Enterprise Zone, with its tax concessions, ends in 1993. The Telford Development Corporation, its work done in providing a momentum of growth, is being wound up and responsibility for the disposal of public assets passes to the Commission for New Towns (CNT). The work [illegible] luring [illegible] companies [illegible] to the Telford Devel[illegible] Agency, [illegible] be established by Shropshire County Council, Wrekin District Council [illegible] CNT.

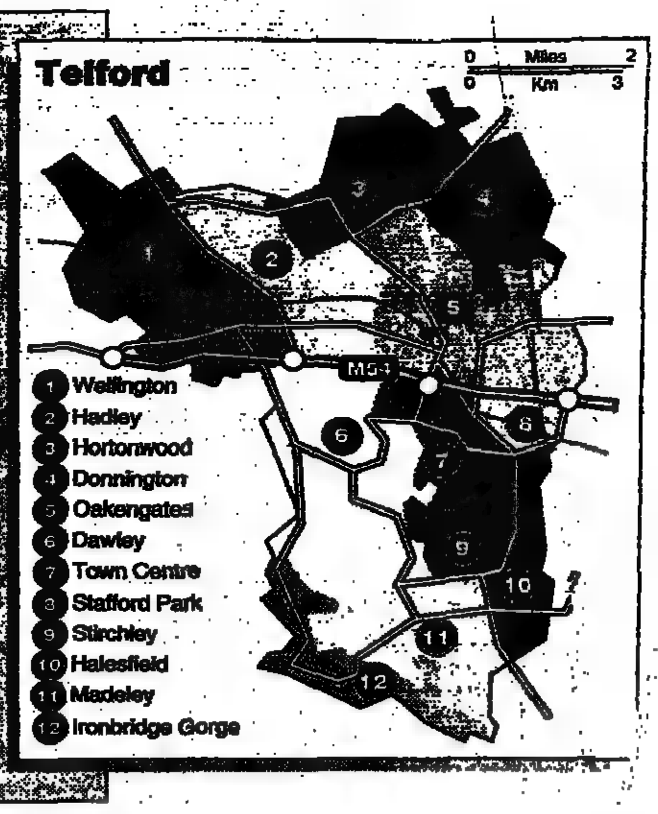
[illegible] important than organi[illegible] change, however, [illegible] the gro[illegible]. Such [illegible] always existed as a support for local industry, but it is beginning to [illegible] out on [illegible] life [illegible] as organisations as diverse as the Inland Revenue's computer headquarters, the Land Registry, TSB's training facilities and the Windsor Life Insurance headquarters [illegible] up in [illegible] town.

The concomitant is an [illegible] in pure office, as opposed to general commercial property development – [illegible]sus Court, Central Park, [illegible] Telford [illegible] park, [illegible] example.

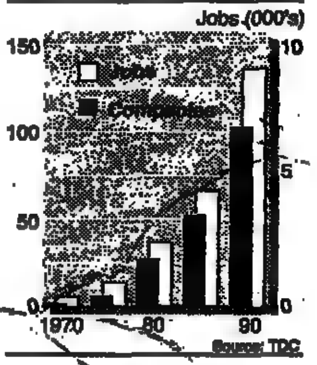
Industrial development will undoubtedly continue, if more slowly than in the recent past. Mr Mackrell observes that 20 per cent of the available land in the West Midlands is in Telford. But the growth of a services sector is an [illegible] of urban maturity. And maturity, by definition, implies steady rather than headlong growth.

Telford Business Park, with the Moat House Hotel on the left and the TSB Bank National Training Centre on the right





Overseas investment



IN 1968, the government of the day decided to try and bring about economic regeneration in the Telford area by creating a [illegible] [illegible] with a development corporation.

The [illegible] solution [illegible] to create a new town based on Dawley, but in 1968 the designated area was expanded to take in the m[illegible] buoyant nearby towns of Wellington and Oakengates and renamed Telford.

The idea was that jobs and investment would be d[illegible] off from the busy West Midlands. [illegible] the same time, the development corporation would use public money to provide the land needed for factories, homes, roads and shops, and [illegible]uld reclaim the violated landscape of slag heaps and played-out mines.

The problem was Telford's dependence on traditional, [illegible] "metal bashing" industries. When [illegible] struck in [illegible] [illegible] 1970s, the local economy [illegible] hit hard. [illegible] one development corporation official puts it, "when [illegible] national economy sneezed, Telford caught pneumonia".

Between [illegible] Telford's population [illegible] from 75,000 to 100,000. But growth in employment [illegible] the same period was more modest, from 36,000 to 45,000. Unemployment, which in 1968 had been 2.9 per cent, had risen to 7.9 per cent by 1978. In the following four years local engineering companies [illegible] devastated, losing one-third of their employees. Unemployment continued to rise, peaking at 22 per cent in 1984. Telford was almost [illegible] where [illegible] had started in 1963.

Almost, but not entirely. [illegible] [illegible] early 1980s the development corporation had received permission to spread its net beyond the West Midlands. It started to pull in investors not only from [illegible] England, but [illegible] from overseas.

Unusually for a town seeking new investment, Telford remains primarily a manufacturing centre.

Although there [illegible] been some diversification into service industries, in 1990 manufacturing accounted for 44 per cent of total employment, against [illegible] national average of 24 per cent.

The manufacturing [illegible] been [illegible] dive[illegible]. Although engineering is still important, the town is also a supplier [illegible] auto components, office automation equipment and electrical goods. [illegible] also becoming an important centre for plastics production.

In the trying to attract new [illegible] of investment, [illegible] development corporation was helped by a number of factors which gelled in [illegible] early [illegible]. The M54 motorway was opened. The town was designated [illegible] [illegible] area, which meant that many forms [illegible] aid became [illegible].

Some 270 acres of Telford were set aside as an enterprise [illegible], which meant capital allowances and rates holidays. As the national economy recovered, the [illegible] [illegible] ing background and high unemployment meant [illegible] [illegible] a pool of relatively [illegible] skilled labour.

But these advantages should not detract from the real marketing coups which the development corporation has brought off. After years of trying, and through the good offices of a high-powered agent in Tokyo, Mrs Mie Teno, Telford managed to [illegible] Hitachi Maxell to [illegible]. The company, which man[illegible]tures video and audio cassettes and floppy discs, now employs more than 500 people in the [illegible].

Other Japanese [illegible] followed. There [illegible] such concerns in Telford, mostly manufacturing companies, employing 2,000 people. It is thought that this is the larg[illegible] concentration [illegible] Japanese investment in the UK. [illegible] has more companies [illegible], but they [illegible] not employ so many people and are are not so concentrated in manufacturing as Telford-based companies.

While Japanese concerns have tended to make the headlines, [illegible] been [illegible] able investment from other countries.

A total of 115 foreign companies have invested in Telford, creating 9,210 jobs and occupying 411,930 sq m of floor space. Of these, 32 came from the US, 21 from Germany and eight from Sweden.

Taken together with the hundreds of British companies which have invested or relocated to Telford since 1980, it means that around 30,000 jobs have been created. Total gross investment has run into hundreds of millions of pounds.

It is thought that Telford has the largest concentration [illegible] Japanese investment in the UK

Given what has happened in previous recessions, it is pertinent to ask whether there will be a divestment or a collapse in employment. After falling back to 5.5 per cent in 1990, unemployment is now back at [illegible] per cent.

Mr Mike Morgan, the general manager of the development corporation, does not think so. "There [illegible] less than a dozen companies which employ more than 500 people. It is very different to the old days. It is now a much more diversified economy. Moreover, most of the companies [illegible] on freehold premises. There is very little leasehold. There is a much greater commitment now. I do not think there is going to be any kind of exodus, although [illegible] will be lay[illegible] and hardship."

Stewart Dalby

TELFORD IN FIGURES

POPULATION:

1968	74,750
1989	117,300
1995[1]	128,000

EMPLOYMENT:

1968	35,670
1989	58,180
1995[1]	70,000

DEVELOPMENT:

Factory floorspace (sq m):

1968	[illegible]
1990	1,421,317
1995[1]	1,744,180

Corporation owned: 27%
Privately owned: [illegible]

Office space (sq m):

1968	(–)
1990	142,182
1995[1]	351,256

Retail floorspace (sq m):

1968	53,600
1990	187,924
1995[1]	219,954*

HOUSING:

1968:	
Public	10,707
Private	12,416
Total	23,123
1990:	
Public	14,668
Private	30,385
Total	45,053
1995[1]:	
Public	11,914
Private	39,124
Total	51,038

Co[illegible]ration houses sold to occupiers: 6,338 [illegible]

COMPANIES*:

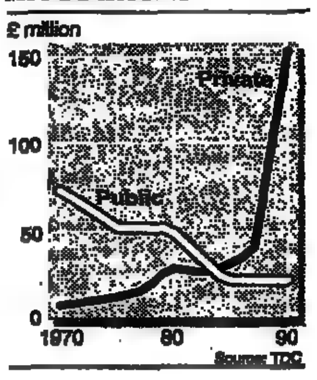
In TDC-built factories	453
In private factories	371
Total (1990)	824

*[illegible] *[illegible] relate [illegible] developments on [illegible] provided by [illegible] Development Corporation. Source: TDC*

INVESTMENT

'Metal bashing' moves over

Investment



Paul Cheeseright assesses moves to improve communications

New transport links planned

SHROPSHIRE is not in the fast lane. The M54 which links the county into the national motorway network, peters out at Telford and turns into the A5. British Rail Inter City electrified services from London stop near the county border at Wolverhampton and passengers become subject, for the journey to Telford and Shrewsbury, to diesel locomotives.

Change is at hand, however. Over the next decade, Shropshire should become more firmly embedded into [illegible] [illegible] transport system.

In economic terms, arguably the biggest [illegible] will come from the extension of the M54 motorway [illegible] Shrewsbury. Work started in July 1990 and should be completed by summer 1992. The extension is taking place in [illegible] sections: the eastern [illegible] will cost £38.6m, the western section, £25.8m.

Experience elsewhere in the UK has shown that the completion of a motorway adds economic vigour to the surrounding areas. The M4 from London to Swansea is a case in point. In the cases of the M11, between London and Cambridge, and the M40 extension, between Oxford and Birmingham, planners have sought to channel development into specifically designated areas.

Given the largely rural nature of Shropshire, with its few urban growth points, a similar policy is likely to be adopted.

Locally, some pressure has been brought to bear on British Rail to electrify the line between Wolverhampton and Shrewsbury, thus [illegible] communications [illegible] the [illegible].

But British Rail [illegible] not made [illegible] mind up. It does acknowledge that the diesel locomotives currently in use are aged and unreliable and [illegible] a [illegible] on their replacement will have to be made soon.

Electrification is just one of three choices and carries the financial [illegible] that, under British [illegible] [illegible] funding arrangements, any electrification investment must [illegible] [illegible] per cent on capital employed. The other choices before British Rail are to put on to the line high speed diesel locomotives of the sort used on the North Wales coast line or to have brand new diesel passenger trains which would be attached to the existing Inner City service and then detached at Wolverhampton.

Any decision will be made against the background of complex business calculations on likely traffic flows and within the terms of British Rail's business organisation: most of the rail traffic in [illegible] is [illegible] traffic and Inter City services, in effect, buy from the regional services a share in the [illegible].

Over the longer term, most significant communications developments will largely be outside the county but will, [illegible] have the effect of improving links to the rest of the UK.

The only motorway exit from the county [illegible] the moment [illegible] through the M54 which joins [illegible] M6 north of the Birmingham-Black Country conurbation. The M6 then provides direct access to the north we[illegible] and, through its junction wi[illegible] other motorways, to the sou[illegible] east, the rest of the Midland[illegible] and the south west.

But there are plans to buil[illegible] around the c[illegible]urbation [illegible] northern relief [illegible]ad and and a western orbital road. Plans is perhaps too str[illegible]g a word. In fact, both proj[illegible]s are being out out to priva[illegible] tender. Both have to define [illegible] detail their routes. Both ha[illegible] to run the gamut of the pl[illegible]ning process. Although the [illegible]partment of Transport is [illegible]nging to a schedule of com[illegible]tion within five or six yea[illegible], historical experience sugg[illegible]ts this is optimistic.

Should the ro[illegible] be built, however, access [illegible]om Shropshire to the [illegible]uth west through the wes[illegible]n orbital road and indeed t[illegible] the south east through the [illegible]ore easily reached M42 and th[illegible] M40, and to the north throug[illegible]he northern relief road, wi[illegible]be made much simpler. An simpler still if yet another [illegible]ivate sector road, from Birmingham to Manchester, is ever [illegible]ilt.

Japanese-led scheme is Telford's biggest [illegible] investment

£65m plant to create 450 jobs

NIPPONDENSO has started to recruit staff for the biggest single overseas investment project in Telford – a £65m plant to manufacture automotive heating and air-conditioning units. When full production is reached in 1995, 450 jobs will have been created.

The project is a joint venture between Nippondenso, the Japanese group which has worldwide annual sales of more than £5bn, and Magneti Marelli, which is two-thirds owned [illegible] Fiat, the Italian group. But Nippondenso, which holds 75 per cent of the equity in the joint venture, is managing the project.

At the beginning of 1992, Nippondenso will start recruiting staff in two categories: maintenance and general plant workers like assemblers and machine operators.

Mr Michio Ohiwa, Nippondenso's man in charge at Telford, is following what has become an established line of Japanese recruitment policy in the UK. "We want people who are diligent and have a positive attitude to the job and can keep good teamwork", he says.

In terms of Telford's economic development, the main impact of the Nippondenso project, initially at least, is purely that of job creation. It is doubtful whether the project will deepen the economy, though it will extend it.

The technology to be used at the plant is solely that of Nippondenso.

There are no plans for a design or technological centre. The plant is a simple manufacturing facility.

To this extent, the venture is clearly a "screwdriver assembly" operation of the type with which Japanese industry has become associated in, for example, south Wales. But in Telford, it is pointed out that assembly tends to be the first phase of corporate involvement in the local economy; design centres, the brains of an operation, can come later.

Certainly there are no local qualms about the presence of Nippondenso.

Mr Ohiwa notes that there are many good places for manufacturing, but he has been impressed by the support organisation – [illegible] Telford Development Corporation – of the area.

An additional sweetener was the availability of £2.2m in regional aid. This is a greenfield operation, says Mr Ohiwa, "so the support is [illegible] big help".

Nippondenso is using a site of 53 acres and has enough space to expand if the market warrants it. Production will start in July 1992 with an initial workforce of 160. It will be directed at all major European car manufacturers, but Nippondenso has a contract to supply Toyota, with [illegible]ich it has a long-term relatio[illegible]hip, [illegible] its developing plant o[illegible]e old Burnaston airfield i[illegible]erbyshire.

The Telford venture will consolidate Nippondenso's position as the dominant supplier in the UK of car ventilation equipment. Production of 800,000 units a year is planned

The Telford venture [illegible] consolidate Nippondenso [illegible]position as the dominant [illegible]plier in the UK of car ve[illegible]tion equipment. Producti[illegible] of 800,000 units [illegible] year is p[illegible]ned.

This position of do[illegible]nce has been reached no[illegible]nly from Nippondenso's ow[illegible]production but also through [illegible]uisition – IMI Radiator[illegible] for example. Nippondenso's [illegible]in competitors are in conti[illegible]al Europe.

Paul Chee[illegible]t

The TDC is being wound up. **Stewart Dalby** analyses its record

Private sector set to benefit from legacy of development

NEW TOWN corporations are wound up, or "realised", when the secretary of state for the environment feels that the town has reached critical mass; that is, enough infrastructure [illegible] been built and sufficient housing, factories, offices and leisure facilities constructed for the town to be self-sustaining. In theory, there should be no need for vast sums of new public money to be spent.

What will have been achieved when Telford Development Corporation is wound up in September? Roads, utilities and major public services will all be in place. There is a wide range of leisure facilities, including an ice rink, indoor tennis centre, three purpose-built sports centres, three swimming pools, four golf courses within a three mile (5km) radius and a multi-screen cinema.

The town is connected to the main link rail link to London's King's Cross. It adjacent to the M54 motorway and there are anumber of good hotels.

More than 1.4m sq m of factory floorspace had been constructed by last year and more than 142,182 sq m of [illegible] accommodation put up. In addition, there [illegible] 187,924 [illegible] m of retail floorspace.

Around [illegible] will have been built during the lifetime of the corporation, some [illegible] them by the public sector. For all intents and purposes this means the [illegible] ment corporation. [illegible] the development corporation reckons it [illegible] built 11,700 houses.

During [illegible] the corporation, the population has grown from 74,000 to 120,000 and, on the basis of what has been built, Telford [illegible] well-rounded town where people can live, work, play and shop.

[illegible] go from here, in terms of the availability and cost of shops, offices, [illegible] and [illegible]

Telford's new town corporation has divested itself of most of its assets before realisation. A recent example is the sale of the entire town centre shopping complex, an area of 750,000 sq ft, [illegible] Superannuation Scheme (USS), for £100m.

More than 1.4m sq m of factory floorspace has been constructed and more than 142,182 sq m of office [illegible]

Many of the houses that the development corporation built for rent have been sold off to [illegible] under the government's right-to-buy scheme. Indeed, the development [illegible] ration [illegible] it [illegible] pub-lic body under the right-to-buy scheme. Of the 11,700 houses [illegible] for rent, only 4,000 remain in tenants' [illegible]. The local Wrekin District Council would like to take them over [illegible] of the rents. But the [illegible] up to the tenants themselves, who will be balloted on whether they want to be [illegible] by the council or local housing [illegible] or [illegible] they want to buy.

Almost all of the factories built by the corporation or constructed on its land have been sold. Mr Chris MacKrell, the current commercial director at the TDC who will become exec-[illegible] officer for the Commis-[illegible] in September, [illegible] wind-up, [illegible] TDC will [illegible] 500,000 sq ft and 750,000 sq [illegible] of built factory space to dispose of, along with some 2,000 acres of land, most of it serviced.

The exact amount of factory space is not known because the corporation is negotiating with the local council over the transfer of community related assets. These include, for example, some 1,000 acres of parkland. The corporation can-[illegible] simply [illegible] those [illegible] without [illegible] to maintain them. This usually involves setting up endowments. [illegible] endowments, [illegible] turn, are usually funded by income from other corporation assets such as factories and offices.

The most likely outcome is that the amount of [illegible] space the corporation will have to dispose of will be at the bottom end of its estimates, that is around 500,000 sq ft. Considering that more than 15m sq ft of factory space was built on corporation-owned land, this is not a great deal left to sell off.

The recession has hit Telford like many other places. But Mr MacKrell is sanguine that the outstanding industrial properties will move once the climate improves. He [illegible] there will be demand for the land. It is reasona[illegible] priced. At something [illegible] £140,000 an acre [illegible] recession, it was very competitive with land in the West [illegible]. The population of Telford is predicted to rise to 128,000 by 1995. Interest from overseas companies [illegible] tinues to be strong (there are more than 115 in Telford). Factory space is predicted to rise from the current 1.4m sq m to 1.8m sq mby 1995.

The corporation does not have any commercial property to lease or sell, but there is an availability of privately developed commercial premises – particularly B1 properties in Telford, [illegible] enterprise [illegible] elsewhere.

Moreover, although [illegible] market is sluggish, developments [illegible] going ahead. The Thoroughbred Property [illegible] offering its flagship Pegasus Court development, which [illegible] 73,000 [illegible] in [illegible] phase. [illegible] development [illegible] commercial, light industrial and warehousing in [illegible] enterprise zone.

[illegible] of [illegible] 270 [illegible] enterprise [illegible] have [illegible] been developed, although [illegible] little [illegible] left. [illegible] advantage [illegible] the [illegible] is [illegible] rates are payable until 1994.

The Thoroughbred [illegible] is also developing Landau Court, on the [illegible] of Wellington [illegible]. Mountleigh Northern Developments, in association with the Brighouse Group, is proceeding with an [illegible] development on [illegible] Court Business Park, [illegible] 73,000 sq ft scheme with the 36,000 sq ft headquarters building, Hollinswood House, as its centrepiece.

[illegible] in [illegible] range from £8.50 to £15 per sq ft. An aver-[illegible] ft, [illegible] in the enterprise zone. In all, it is thought [illegible] accommodation, both in [illegible] the enterprise zone, [illegible] will [illegible] available.

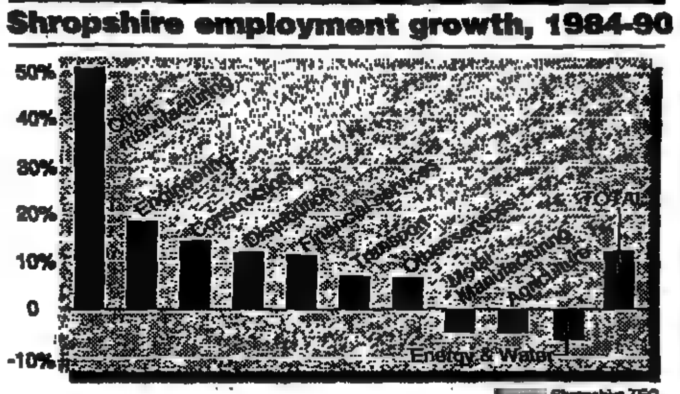
The recession [illegible] property. [illegible] when a property [illegible] available in [illegible] complex recently it went for £110 per sq ft for zone A, which suggests prices are holding up. This shopping centre is now almost fully let, with retailers such as Marks and Spencers, Debenhams, C&A and Boots.

[illegible] building [illegible] slowed down in the past year, although [illegible] pred[illegible] will [illegible] 5,000 homes by 1995. The local district council estimates that there will be a need for more rented accommodation.

Prices are notional at the moment, but for a new town, Telford has a surprisingly wide range of houses on offer. They start at £40,000 for a two bedroom semi-detached house, rising to £170,000 for an "executive-style" home.

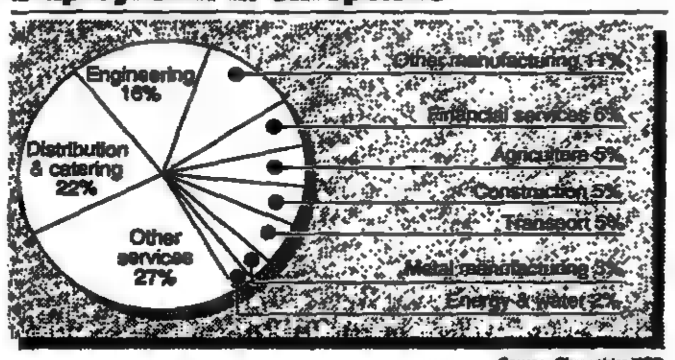

TDC housing for [illegible] Leegomery. [illegible] CNT executive [illegible] MacKrell, below, sees good [illegible] property

Shropshire employment growth, 1984-90



Source: Shropshire TEC

Employment in Shropshire



Source: Shropshire TEC

Trends point to changing patterns of employment

New premium on training

INVESTMENT drawn [illegible] Telford has been by far the most important factor in the employment growth of Shropshire. For the medium term, at least, this trend is likely to continue. But the shape of the labour force is changing in [illegible] way which puts a premium on training.

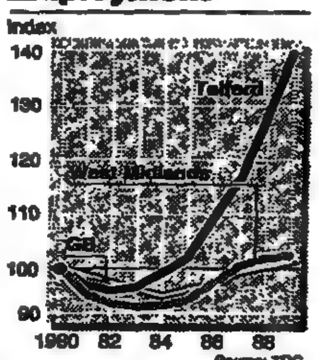
At the time of the [illegible] census in 1987, when the population of the county was about 400,000, the number of jobs [illegible] the county was nearly 130,000, roughly 10,000 more than in 1980. But a breakdown of jobs, by district council [illegible], showed that at best there [illegible] been a marginal increase [illegible] in some cases a small decline in job numbers in the Bridgnorth, North Shropshire, Oswestry, Shrewsbury [illegible] Atcham, and South Shropshire areas. Only in the Wrekin district, which contains Telford, was there a marked increase.

Work carried out by Prism Research for a county labour market assessment commis-[illegible] by the new Shropshire Training and Enterprise Council (TEC) points out that between 1984 and [illegible] "Telford alone accounted for 95 per cent [illegible] jobs. [illegible] trends are expected to continue to [illegible] 8,000 [illegible] jobs forecast throughout the county; 1,000 through [illegible] growth and 7,000 through [illegible] Telford effect."

Projections [illegible] the County Council [illegible] that that between 1989 and the year 2006, the labour [illegible] could increase in size by between 22,500 and [illegible] minimum [illegible] is [illegible] from [illegible] natural change [illegible] migration. [illegible] maximum figure could [illegible] reached if there is a high level [illegible] economic activity.

Two points emerge from these separate forecasts. First, if employment growth is to be more evenly spread over the county in the next decades, land supply for new commercial activity will have to be greater outside the Wrekin and Oswestry areas. The decline in the rural economy will have to be halted by welding new sources of employment on to farming and its associated industries.

Employment



Source: TDC

Second, although absolute numbers of jobs and people to fill them may increase, the constituent parts of the labour force will gradually change, thus demanding a change in the recruitment policy of companies in the county. Prism Research has highlighted three features: [illegible] 16 [illegible] in the number [illegible] ers, to 5,000, between 1989-93; a decline in the number of those aged between 16 and 44 years; and increase in those older than 45.

Against this background, the expected labour needs include not only operatives for manufacturing industry but those with managerial, professional and technical skills to underpin the growth of manufacturing industry and those with clerical and secretarial skills to support it. The services sector has already started to expand in the Telford area and Shrewsbury traditionally has been a strong commercial centre with an influence stretching into Wales.

Prism Research concludes that "employers will [illegible] consider alternative [illegible] sources such as women returners to meet recruitment needs" and, because Shropshire traditionally has not had a strong demand for managers, professionals and clerical staff, there is a growing necessity for "more employers to train and develop existing staff."

Obviously, however, entrants to the labour force will be a minority. The Shropshire TEC notes that, "As 80 per cent of the employees of the year 2000 are currently in employment, employers already hold the key to most of their future labour needs. [illegible] competitiveness of individual businesses can be greatly enhanced through an appropriately trained and skilled workforce."

The responsibility for providing the framework in which this process of skill enhancement, [illegible] matching [illegible] needs, [illegible] fostering [illegible] acumen, now falls on the Shropshire TEC, which formally started operations on April 2 [illegible]

[illegible] timing was [illegible] encouraging. The onus of effort will fall on companies currently coping with recession, historically the part of the economic cycle when there is a tendency to cut spending on investment and training. [illegible] the same time, the UK government is reducing spending on youth and employment training; indeed, there is an abundance [illegible] complaints that, proportionately, Shropshire's spending is being reduced by a greater amount than the aver-[illegible] national fall.

Certainly, in budgetary [illegible], the Shropshire TEC [illegible] of the smallest of 82 around the UK, with an overall budget for the financial year 1991-92 of about £12m. Most of that will be spent on youth and employment training, picking up the mantle of the Training Agency.

Mr Roy Knott, the chief executive, says that in the face of reduced government spending, [illegible] TEC is "spreading the pain evenly" among the companies and institutions which provide training. The biggest of these is Shropshire County Council, which forecasts expenditure on training in 1991-2 of £5.56m and income from it of £5.53m. Its training contract with the TEC this year will be smaller than its contract with the Training Agency last year.

The scale of the operation is indicated by the fact that in early January, there were 2,402 people engaged in youth training throughout Shropshire, while a further 4,700 were taking part in various adult training schemes, including employment training.

Out of its overall budget, Shropshire TEC has some £2m [illegible] spend on local [illegible] and on enterprise support, largely the administration of the enterprise [illegible]. Support for small business is crucial to the growth of the county economy: [illegible] per cent of businesses employ less than 25 people and [illegible] self-employed sector has grown by 20 per cent since 1981. The growth has been most marked in the Telford area and least marked in the south of the county.

It is a significant [illegible] on the county economy that while the TEC [illegible] to devolve its encouragement of training and enterprise down to six area boards, mirroring the district councils, it has also set up a special committee of private and public sector leaders to do the same thing exclusively for agriculture.

Paul Cheeseright

■ PROFILE: Müller

Sweet taste of success

CONSTRUCTION of a new yoghurt production plant for Molkerei Alois Müller of Aretsreid, Bavaria, has started at Market Drayton – a move which has brought some smiles to Shropshire County Council, which is celebrating the largest inward investment that its economic development department has managed to attract.

Müller's total investment will be £20m. It has signed contracts to take 22 acres of land at the Tern Valley Business Park, a venture of the County Council, the North Shropshire District Council and the Rural Development Commission.

The decision by Müller to go to Market Drayton followed 15 months of negotiations with the county council which had originally responded to an advertisement for a site placed by Müller in the *Financial Times*.

The first request was for five acres of land, but the demand gradually increased. The planning permission for the site [illegible] 12 acres.

By any standards, Müller's move is a fillip to the local economy.

[illegible] starts later this year and production will start in summer 1992 with a payroll of about 100. But employment is expected to grow over four years to 500. This would make Müller the biggest employer in Market Drayton, replacing Palethorpe, the sausage manufacturer.

Such investments are seen as necessary to bring more competition to the local labour market so that the level of wages may gradually be raised and the lagging rural economy reinvigorated with greater spending power. The investment, in any case, helps to counterbalance the problems faced by local food processing industry.

The attraction of Market Drayton for Müller was largely twofold.

First, the town is near the motorway network, important for the distribution of goods with a limited shelf life. Second, the town is within an hour's tanker drive of 25 per cent of UK dairy production.

Müller will be buying about 50m litres of milk a year to produce initially [illegible] pots of yoghurt a year [illegible] over a range of 15 products. This is an important degree of import substitution: Müller is estimated to have a 13 per cent share of the UK yoghurt market, but all of this is produced at the Aretsreid plant.

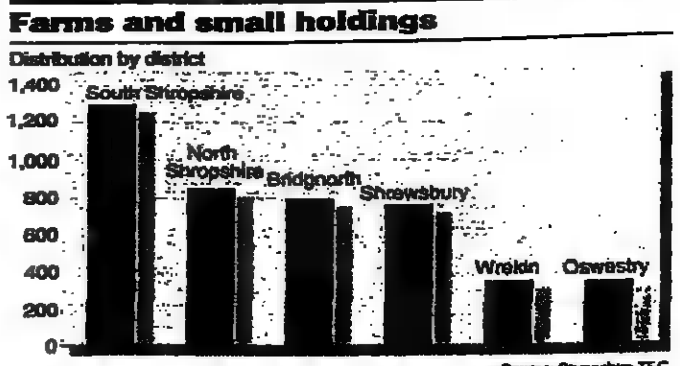
The Market Drayton plant, the first overseas venture for Müller, a private company, will provide yoghurt not only for the UK market but also for Belgium, northern France, Netherlands and Scandinavia. The Aretsreid plant will service Müller's other European markets.

Paul Cheeseright

Paul Cheeseright assesses the county's agriculture

Farmers feel the strain

Land prices vary from £1,200 to £3,000 an acre



SHROPSHIRE farmers, like their counterparts throughout the UK, are feeling the strain. Markets for their products are increasingly clogged. The level of subsidies is declining as the European Community seeks to bring its agricultural support under tighter control and prepare for a dismantling of farm subsidies under any agreement which may be reached with the international trading community within the framework of the GATT talks.

What sets Shropshire aside from other counties is the diversity of its agriculture. Unlike, say, arable Lincolnshire, it is genuinely mixed. On the plain, in the north and north-west of the county, there is emphasis on dairy farming. The eastern side is largely arable, but in the hill country of the south and south-west beef and sheep farming predominates. Holdings tend to be smaller where the ground is higher, along the Welsh border, and larger further to the east. For the most part they have shared in increasing mechanisation and higher productivity.

But within this general and [illegible] pattern, changes are taking place under the influence of the external pressures which are gradually changing the shape of the industry. Because the tight [illegible] policies followed by the UK government coincide with the particular farming problem that more is produced than the markets can absorb, and because many farmers are over-capitalised, financial pressures are forcing a drift off the land. In many cases, income is the same in money terms, and hence less in real terms, than it was four years ago.

"There is growing unease," says the county council, "amongst the rural community that the continuing reduction in farm income and investment in the rural activities is causing major difficulties. As yet, little exists in statistical terms but anecdotal evidence is increasing."

The declining rural economy has helped make Shropshire wage rates among the lowest in the UK

Certainly there are manifestations of difficulty. One is the effect on the local food processing industry, which has seen farm co-operatives in difficulties and the closure of of the J. P. Wood plant at Craven Arms and the Dairy Crest plant at Ellesmere. Such closures are only partly offset by the decision of, for example, Müller of Germany, to establish a yogurt plant at Market Drayton. The overall problem is that cash drains out of the rural economy and affects the fabric of support businesses, such as retail, farm machinery and transport.

The declining rural economy has led to [illegible] competition for labour and this has had a significant effect in making Shropshire wage rates among the lowest in the UK. In turn this creates social problems, not least the concern about the availability of affordable housing in rural areas.

At the same time, financial strains in the industry hasten changes in the shape of farming. There is a trend towards the consolidation of farming units. This has been happening for some years, but now, in the dairy sector, some four per cent of producers are leaving the industry each year. And the process is likely to speed up. "The trend towards having less farmers will be intensified over the next year or two unless there is major change in EC or national support," says Mr Bill Hall, regional business management adviser at the Agricultural Development and Advisory Service.

Further, the problems of the industry and, indeed, their mixture with the more general national process of decentralisation from the conurbations, have led to volatility of land prices. The market for farm land has been distorted by the desirability or otherwise of the residence which happens to be on it and by the ability to sell milk quotas.

Depending on the area of the county, land prices vary from £1,200 to £3,000 an acre. A milk quota is worth roughly £0.35 a litre, so that at the top of the market land with a milk quota may reach £4,000 an acre. But, Mr Hall comments, "there is quite a lot of land not finding buyers at the asking price."

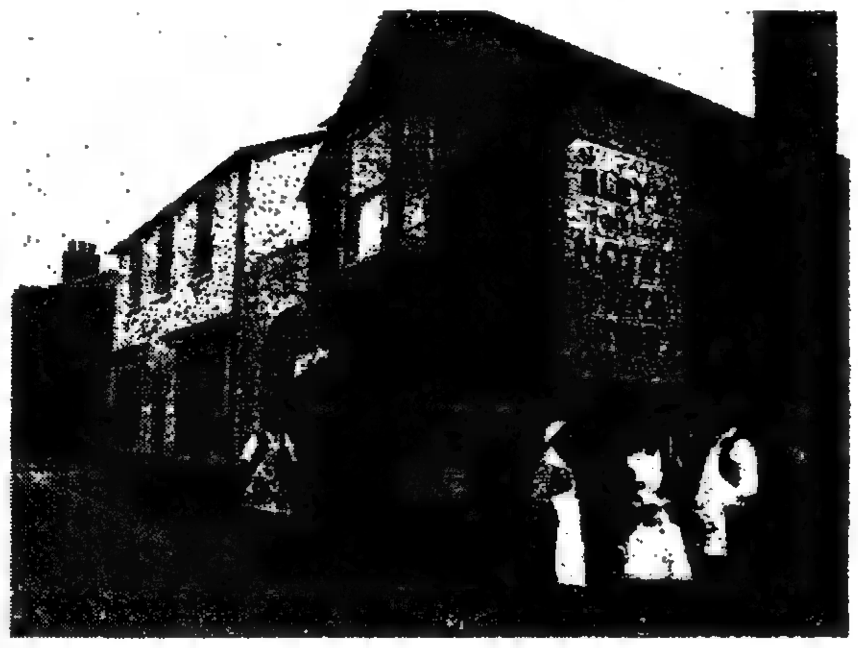
'The trend towards having less farmers will be intensified unless there is major change in support'

The desire of the affluent in urban areas to move into the countryside is in some cases changing the pattern of land ownership in rural Shropshire. The process has not gone as far as it has in the Thames Valley or the Cotswolds, but there is, for example, a growing number of Wolverhampton businessmen among farm owners. On one hand, the opening of the M54 motorway into Shropshire has opened up the possibility of commuting to Birmingham and the Black Country towns, while on the other parts of the county are within reach of the North Wales corridor.

All of this points to a rural economy in the process of change. The problems of the [illegible] have led to a greater concentration on diversification and this is advocated with increasing urgency by the ministry of agriculture, the Agricultural Development Advisory Service and the local authorities. Such diversification is taking the form of providing facilities for tourism, the development of specialised products – cheeses, ice cream and so on – and a certain expansion of organic farming. The horticultural sector is not well-developed, although is a long-established business based on direct selling to the public in the areas adjacent to Wolverhampton and around Shrewsbury.

But the desire to widen the scope of the rural economy by attracting new forms of commercial activity that sit easily with the acknowledged charm of the Shropshire countryside has been hindered by the lack of serviced land outside the immediate area of Telford. This is not an area of activity in which the private property development sector has shown much interest. Hence the decision of the County Council to go ahead and provide [illegible] sites with its own funds near, for example, Shrewsbury, Market Drayton and Bishops Castle.

"Once serviced land is in place, the private sector will come", officials said confidently. But that, presumably, will be after the recession.



[illegible] Hill, left, and Shrewsbury, right: not yet on the major tourist circuit

Stewart Dalby looks at efforts to encourage tourism

Twin attractions of rural idyll and industrial heritage

LIKE other parts of the old industrial north of England, Telford and Shropshire have realised that tourism is big business and that they have a number of assets which can be turned to good account to attract visitors.

Telford itself could hardly be described as a tourist attraction. It is a modern town, which in its present form has been built by the Development Corporation. But some of the scenes of dereliction have been transformed by imaginative landscaping and other improvements, so visitors staying in business hotels such as the Holiday Inn or the Moat House will not find Telford unappealing.

As well as the modern shopping area with [illegible] grounds and an ice rink in the new centre, there are 450 acres of open countryside in the middle of the town. There is a miniature steam railway and [illegible] amphitheatre, the award winning Chelsea garden and the Maxell Japanese Cherry garden.

What Telford may lack in historical perspective is more than made good by nearby Ironbridge. The industrial revolution was born at nearby Coalbrookdale, where in 1709 the Quaker ironmaster Abraham Darby discovered the secret of smelting iron ore using coke, which was cheap and plentiful, instead of the more expensive charcoal – a discovery which opened the way to large-scale industrial production of iron.

The presence of coal, iron ore and limestone turned east Shropshire into the centre of Britain's iron trade. It was at Coalbrookdale the first iron rails were made for railways, together with the first iron cylinders for steam engines and, of course, the world's first iron bridge in the appropriately named village of Ironbridge.

The industrial past is commemorated by the Ironbridge Gorge Museum

Other industries sprang up alongside iron and coal, particularly pottery and porcelain at Coalport, before the region began to decline in the mid-19th century.

The industrial past is commemorated by the Ironbridge Gorge Museum which has seven sites spread over six square miles of stunning scenery. These include Blists Hill, which is a reconstruction of a Victorian working community. At Coalbrookdale, the Great Warehouse contains the story of ironmaking, while the Rosehill House shows how the Darby family lived.

Mr Richard Bifield, tourism officer at Wrekin District Council, estimates that in 1989 the area (Wrekin covers greater Telford and the towns around Ironbridge) had 800,000 visitors, compared with 250,000 ten years ago. These visitors spent around £20m, and more than half of that was spent by leisure tourists.

The reason that the district council started to take tourism seriously, however, was that it provided jobs in an area of traditionally high unemployment. Although still a small employer compared to other more established areas, tourism now accounts for 1,400 jobs, or just under 2 per cent of the work force. [illegible] employed only [illegible] people.

Like Bradford with its photography museum, Burton with its beer museum and Liverpool with the Albert Dock complex, Telford has used its industrial past to establish revenue producing assets, giving it a foothold in an important, growing industry.

Of course, there is more to Shropshire than Telford. The county is largely rural, with rolling hills and vales, quiet, picturesque villages and hamlets, medieval castles, ancient churches and grand country houses.

Shrewsbury is perhaps England's finest remaining Tudor town, while Ludlow has its Norman castle. There are other "products" (as such sites are known in the tourism business) dotted around the county, including the renowned Severn Valley Steam Railway and the new Childhood and Costume Museum, both at Bridgnorth; the Midland Motor Museum at Weston Park; and the aerospace museum at Cosford. Charles Darwin, of theory of evolution fame, and Robert Clive – Clive of India – both sprang from Shropshire and their respective birth places are well noted.

In 1989 the area had 800,000 visitors, compared with 250,000 ten years ago

Although final figures have not yet been established, there were probably more than 1.5m visitors to Shropshire and its attractions in 1990, and they spent a total of £49m.

Shropshire has the beginnings of modest tourism industry, which probably accounts for over 5,000 jobs or around 5-6 per cent of the workforce. The county and district authorities have been examining whether more could be done to encourage extra business.

Together with the English Tourist Board and the Heart of England Tourist Board (which covers six counties in the middle of England), the county council and the six district councils have been engaged in a Tourism Development Action Plan.

The TDAP, which cost £300,000 and is now coming to an end after three years, looked at ways of improving standards, at signposting and raising awareness of the county's heritage, at setting up information centres and in training and business advice.

Tourism now accounts for 1,400 jobs, or just under 2 per cent of the work force

It also examined ways in which tourism might move forward. Two main areas were identified: more could be done to develop and widen business tourism and, in the leisure field, more overseas staying visitors could be attracted.

Only around 7-8 per cent of visitors to Telford and Wrekin are from overseas. Unlike Chester, York or Stratford-upon-Avon, Shropshire is not on the "circuit" for visiting Americans. Yet evidence of a rich past is as abundantly evident in Shrewsbury as it is in Chester. A strong promotion in the US might enable the county to tap this potential vein of business.

In business tourism, while Telford gets many visitors for strictly business purposes, the idea should be get them to bring their wives and children and stay for weekends. Telford should also try and develop gatherings such as board meetings and conferences. It has the hotels, but should try and broaden their use.

While occupancy rates in other main hotels are down to around 50 per cent in the current tourism climate, they were running at over 70 per cent a year ago. With the Gulf war over and people beginning to travel again, there is no reason why Telford and Shropshire should not gain a larger share of niche markets.

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MOTORS, AIRCRAFT TRADES

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
81	50	ABI Leisure 10p	81	.....	3.1	4.4	5.1	5.6
£8	£5	DAF N.V. Fl5	£8	–			–	–
109	79	General Mtrs Units	102	.....	Q12½%	–	6.8	–
14	9	March Group 5p	13	–1				–
£133	£101	Volkswagen DM50	£122½	–	Q22%	3.5	3.0	9.6
£30	£28	Volvo AB 'B' Kr25	£30	–	Q62%	♦	4.7	♦

Commercial Vehicles

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
158	113	ERF (Hldgs)	148	–5	10.0	1.6	‡	9.0
73	48	Plaxton Grp.	58	.....	4.5	♦	10.3	♦

Components

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
470	453	Abbey Panels	470	.....	3.5	10.8	1.0	12.5
140	123	Airflow Streamlines	138	.....	6.0	3.0	5.8	7.7
147	140	Bostrom 5p	140xd	.....	6.0	♦	5.7	♦
196	145	Dowty 50p	173	–1	19.0	2.1	6.9	8.3
181	115	FR Group	173	–2	6.37	3.1	4.9	8.8
120	69	Kwik-Fit Hldgs. 10p	109xd	–1	2.75	2.8	3.4	13.4
173	125	Lucas Inds.	164	–4	7.0	2.2	5.7	9.3
38	18	Do. Warrants	35½	–1	–	–	–	–
60	47	Mid-States 10p	59	.....	20.75	–	1.7	37.1

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

NOTES

for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1	650	.....
Finlay Pkg. 5p	31	.....
Holt (Jos) 25p	1600	+2

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£99¾	.....
9pc Cap Ln. 1996	£98½	+¼
Fin. 13% 97/02	£115	+½
Arnotts	160	.....
Carroll (P.J.)	154	.....
Helton Hldgs	43	.....
IRG	155	.....
United Drug	170	.....

TRADITIONAL OPTIONS
3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	55
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	[illegible]
FNFC	[illegible]
Gen Accident	[illegible]
GEC	[illegible]
Glaxo	[illegible]
Grand Met.	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl.	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco.	23
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	[illegible]
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Stock	p
Aviva Petlm.	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm.	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Stock	p
Lonrho	21
RTZ	48

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain [illegible] free Unit Trust Code Booklet ring (071) [illegible]

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	[illegible]	46.72xd	49.96	-0.13	6.95
Gilts & Fixed Int	6	[illegible]	113.0xd	119.9	-0.1	9.59
High Inc Equity	6	137.7	141.2xd	150.2	+0.2	5.66
Worldwide Bond	6	205.6	205.6xd	217.9	+0.1	6.88
Capital Growth						
American Growth	6	191.6	191.6	204.9	-0.5	1.28
Asian Pacific	6	123.2	125.8	133.8	+0.2	.15
Assets & Earnings	6	177.7	181.7	193.2	+0.1	2.87
Capital Reserve Acc	0	104.1	[illegible]	106.1	+0.1	7.29
Capital Reserve Inc	0	82.29	[illegible]	82.92	+0.08	7.29
Commdty & Energy	6	75.91	[illegible]	81.28	+0.09	.92
1992 Enterprise	6	65.13	[illegible]	69.65		3.12
Euro Capital Acc	6	88.29	[illegible]	94.42	-0.18	1.43
Euro Capital Inc	6	84.36	[illegible]	90.22	+0.18	1.44
General	6	174.0	174.0xd	186.0	-0.3	2.69
Japan	6	103.6	103.6	110.8	+0.6	–
Mastertrust	6	89.41	89.41	95.62	-0.27	2.21
UK Growth Acc	6	161.9	161.9	173.1	+0.4	2.14
UK Growth Dist	6	104.0	104.0xd	111.2	+0.2	2.16
US Emerging Cos	6	62.29	62.29	66.62	-0.21	–
Income & Growth	6	314.8	314.8	336.6	-0.8	4.16
Ethical	6	50.56	50.56	54.07	+0.14	3.01
International	6	61.46	62.33	66.30	+0.25	1.46
Dividend & Growth	6	50.36	51.60	54.89	-0.02	5.47
Global Grth & Sec	6	51.15	51.48	54.76	+0.03	1.83

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	966.00	966.00	1029.00		–

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Amer Inc & Growth	3¼	28.23	28.23xd	29.98	-0.12	2.67
Cash	–	50.61	50.61xd	50.61	+0.01	12.30
European	5¼	72.53	72.53	76.97	-0.12	0.00
European Income	5¼	74.90	75.36	79.49	+0.26	1.55
Exempt	1	757.2	757.2xd	782.9	-3.30	2.97
Exempt Income	3¼	175.4	175.4	186.3	-0.5	4.55
Exempt American	3¼	338.2	338.2xd	352.3	-0.9	1.62
Exempt Pacific	3¼	225.9	225.9	236.2	-0.2	1.64
Extra Income	5¼	40.54	40.54xd	43.77	-0.19	5.72
Far East Emerg Ecns	5¼	51.02	51.02	54.87	-0.16	1.17
Fund Inv Tst	5	113.9	115.7xd	123.5	+0.3	1.39
Fund Inv Tst Acc	5	181.3	184.1xd	196.5	+0.5	1.39

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Britannia Life Unit Mngrs Ltd (1200)F
190 West George St, Glasgow

Brown Shipley & Co Ltd
9-17 Perrymount Rd Haywards Hth

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

Income Growth	1	193.3	193.3xd	200.4	-0.2	5.89

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

American	5	69.55	70.10xd	74.82	+0.33	2.92
Amer Reserve	5	63.08	63.08xd	64.96	+0.10	11.77
American Income	5	121.0	121.1	129.2	+0.59	3.45
Equity Income	5	85.39	85.39xd	91.14	+0.88	5.38
European	5	53.36	53.36	56.95	+0.19	1.45
Far Eastern	5	107.80	108.0	115.3	+0.10	1.52
Smaller Cos	5	45.50	45.90	48.56	+0.09	3.39
Olympiad	5¼	45.51	45.91	48.56	+0.15	1.21
Olympiad Income	5¼	42.73	42.73	45.99	+0.08	4.59
UK Growth	5	72.88	73.49xd	78.44	+0.09	1.45

NFU Mutual Unit Mngrs Ltd (1400)F
Tiptree Road, Hutton, Brentwood, Essex 0277 227300 Dealing 0277 261010

NM Unit Trust Mngrs (1200)H
The Elliston Centre, North Harbour, Portsmouth Enquiries: 0705 372222 Dealing: 0705 387730

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers. [illegible]

FT MANAGED FUNDS SERVICE

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-490 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	105.4	111.0	-0.1	-
Pension Managed Fd	103.0	108.4	-0.2	-
Life Deposit Fd	106.4	111.6	----	-
Pension Deposit Fd	110.7	116.5	----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	112.2	123.3	+0.6	-
Managed Growth	138.9	151.9	+0.5	-
Managed Opportunity	137.2	150.8	+0.4	-
NFMC Target Financial	103.7	111	+0.3	-
Pension Funds				
Managed Cautionary	120.8	132.1	+0.7	-
Managed Growth	145.5	159.1	+0.5	-
Managed Opportunity	138.3	151.2	+0.5	-
NFMC Target Magd Pens	1505.3	1636.3	-6.6	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	161.2	169.7	----	-
UK Equity	171.7	180.8	----	-
Overseas Equity	131.6	138.6	----	-
Fixed Interest	143.9	151.5	----	-
Property	130.8	137.7	----	-
Index Linked	147.3	155.1	----	-
Deposit	153.8	161.9	----	-
With Profits (B)	127.1	133.8	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	351.6	370.2	-1.2	-
UK Equity	448.6	472.3	-2.9	-
Overseas Eq	341.9	359.9	+0.3	-
American	274.7	289.2	-0.3	-
Far East	373.7	393.4	+0.6	-
Property	193.9	204.2	----	-
Fixed Int	256.2	269.7	-0.6	-
Indexed Gilt	154.1	162.3	-0.1	-
Deposit	179.4	188.9	----	-
Pension Fund (Accum Units)				
Managed	494.3	520.4	-1.6	-
UK Equity	585.6	616.5	-3.1	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	155.5	164.5	-0.5	-
Accum Equity	221.5	233.5	-1.0	-
Accum Managed	227.5	240.0	-0.5	-
Accum Five Star	170.0	179.5	+0.5	-
Accum World	123.0	130.0	----	-
Accum Lifetime	113.3	113.9	-0.1	-
Pens Acc Equity	241.5	254.5	-1.5	-
Pens Acc Managed	285.5	301.0	-0.5	-
Pens Acc Intl	209.5	221.0	----	-
Pens Acc Deposit	195.5	206.0	----	-
Pens Acc Five Star	187.0	197.5	+0.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	230.2	242.9	-0.8	-
UK Fixed Int Acc	170.1	179.5	+0.1	-
Intl Equities Acc	177.7	187.5	----	-
UK Managed Acc	174.9	184.4	-0.4	-
Property Acc	226.9	239.4	----	-
Money Acc	127.6	134.6	----	-
Special Market Acc	133.0	140.4	-0.3	-
Japan Equity Acc	109.3	115.3	+0.3	-
North American Acc	103.0	108.7	-0.7	-
Pacific Acc	93.6	98.8	+0.1	-
Technology Acc	123.3	130.1	-0.1	-
Nat Resources Acc	53.6	56.6	-0.8	-
European Acc	100.7	106.3	+0.2	-
Residential Prop Acc	96.3	101.6	----	-
Swiss Equities Acc	35.4	37.4	-0.2	-
Hong Kong Acc	61.1	64.5	-0.1	-
UK High Inc Eq Acc	76.5	80.8	-0.1	-
Int Fixed Interest Acc	55.5	58.6	----	-
Int Managed Acc	56.6	59.7	----	-
HIP Managed Acc	112.3	118.4	----	-
HIP Managed II Acc	99.2	104.6	-0.1	-
HIP Managed III Acc	104.9	110.6	-0.2	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling lose ground

THE DOLLAR weakened against most European currencies, but was little changed against sterling and improved in terms of the yen yesterday.

The Federal Reserve, as expected, added funds to the New York banking system, via two-day system repurchase agreements, when Federal funds were trading at 6¼ per cent. Tax payments contributed to a tightening of credit conditions in New York, pushing the Fed funds rate above the assumed target of 6 per cent, after a period of recent weakness and action by the authorities to drain liquidity.

Figures on US housing starts and industrial production in March painted a conflicting picture of the economy and had little impact. Construction of homes fell 9.3 per cent in March, after a revised drop of 17.2 per cent in February. This was weaker than expected.

A fall of 0.3 per cent in industrial production, compared with a 0.9 per cent decline in February, was smaller than generally forecast. Capacity utilisation was running at 78.7 per cent in March, against 79.1 per cent the previous month.

The data did little to indicate when or if the Fed will ease its monetary stance after recent weak inflation and employment figures.

At the London close the dollar had fallen to DM1.6650 from DM1.6755; to SFr1.4175 from SFr1.4230; and to FFr5.6275 from FFr5.6550, but rose to Y134.80 from Y134.45. Its index rose to 64.5 from 64.3.

Despite concern about the economic situation in east Germany and political unrest in the Soviet Union, the D-Mark was firmer, encouraged by doubts on the timing of any Fed easing, speculation about lower Japanese interest rates and profit-taking in sterling.

The German currency rose to Y80.95 from Y80.25 against the yen, boosted by a claim from a Japanese news agency that the Bank of Japan is about to nudge short-term rates lower. A Bank of Japan official responded by saying: "We haven't been tightening money rates, and so there is no way we could ease," but the yen weakened, with the dollar rising above Y135.00 in Tokyo.

Sterling fell back on profit-taking, after failing to break through DM3.00 against the D-Mark on Monday, but it remained the second strongest member of the European exchange rate mechanism. The pound declined to DM2.9775 from DM2.9975. It also fell to FFr10.0650 from FFr10.1150 and to SFr2.5350 from SFr2.5450, but was steady against the dollar, easing 5 points to $1.7885. Sterling's index lost 0.4 to 92.9.

The Spanish peseta eased slightly at the top of the ERM and was fixed in Paris below its ceiling against the French franc for the first time in 10 days. Spain announced that it was abolishing virtually all exchange controls ahead of the deadline stipulated by the European Community.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 16	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.311	-4.73	6.10	82
Sterling	0.696904	0.691033	-0.84	1.94	15
Italian Lira	1538.24	1529.73	-0.55	1.65	35
Belgian Franc	42.4032	42.4342	0.07	1.01	4
D-Mark	2.05586	2.06205	0.30	0.78	-10
Dutch Guilder	2.31643	2.32353	0.31	0.78	-8
Irish Punt	0.767417	0.771300	0.51	0.55	-16
Danish Krone	7.84195	7.89766	0.71	0.37	-25
French Franc	6.89509	6.96983	1.08	0.00	-51

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Apr 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7830 - 1.7965	1.7880 - 1.7890	0.91-0.89cpm	6.04	2.49-2.46pm	5.54
Canada	2.0480 - 2.0625	2.0535 - 2.0545	0.44-0.36cpm	2.34	1.22-1.09pm	2.25
Netherlands	3.3500 - 3.3780	3.3500 - 3.3600	¾-⅝cpm	2.46	2¼-1⅞pm	2.38
Belgium	61.10 - 61.65	61.30 - 61.40	17-12cpm	2.84	43-36pm	2.58
Denmark	11.4000 - 11.4810	11.4150 - 11.4250	2⅛-1⅝orepm	1.90	5¼-5pm	1.82
Ireland	1.1110 - 1.1180	1.1140 - 1.1150	0.20-0.15ppm	1.88	0.53-0.43pm	1.72
Germany	2.9750 - 3.0000	2.9750 - 2.9800	⅞-⅝pfpm	3.02	2-1⅞pm	2.52
Portugal	258.35 - 260.00	258.85 - 259.85	15-3cpm	0.42	64-122dis	-1.42
Spain	183.50 - 184.85	183.60 - 183.90	27-36cdis	-2.06	67-78dis	-1.53
Italy	2207.15 - 2221.75	2207.75 - 2208.75	1lirepm-par	0.27	2pm-par	0.16
Norway	11.5775 - 11.6605	11.5975 - 11.6075	1¾-1⅛orepm	6.59	4⅞-3⅞pm	1.45
France	10.0600 - 10.1160	10.0600 - 10.0700	2⅛-2⅛cpm	2.61	6⅞-6⅛pm	2.48
Sweden	10.7365 - 10.8070	10.7700 - 10.7800	par-⅛oredis	-0.14	1¼-1⅞dis	-0.56
Japan	240.45 - 242.25	240.50 - 241.50	⅞-⅞ypm	4.05	2⅞-2⅛pm	3.86
Austria	20.94 - 21.10	20.95 - 20.98	5⅛-4⅞gropm	2.97	14⅛-12⅛pm	2.52
Switzerland	2.5300 - 2.5415	2.5300 - 2.5400	⅞-⅝cpm	3.25	2⅛-2pm	3.25
Ecu	1.4450 - 1.4480	1.4460 - 1.4470	0.36-0.30cpm	2.74	0.88-0.81pm	2.34

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.52-4.47cpm. 12 Month 7.54-7.44pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7830 - 1.7965	1.7880 - 1.7890	0.91-0.89cpm	6.04	2.49-2.46pm	5.54
Ireland†	1.5995 - 1.6095	1.6010 - 1.6020	0.52-0.47cpm	3.71	1.50-1.40pm	3.62
Canada	1.1470 - 1.1490	1.1480 - 1.1490	0.36-0.39cdis	-3.92	0.95-0.98dis	-3.33
Netherlands	1.8605 - 1.8830	1.8755 - 1.8765	0.52-0.55cdis	-3.42	1.44-1.49dis	-3.12
Belgium	34.10 - 34.35	34.25 - 34.35	8.00-10.00cdis	-3.15	24.00-28.00dis	-3.03
Denmark	6.3675 - 6.3970	6.3825 - 6.3875	2.08-2.38oredis	-4.19	5.70-6.35dis	-3.76
Germany	1.6585 - 1.6720	1.6645 - 1.6655	0.45-0.47pfdis	-3.32	1.25-1.28dis	-3.04
Portugal	144.55 - 145.20	144.85 - 144.95	58-68cdis	-5.22	210-240dis	-6.21
Spain	102.45 - 103.10	102.70 - 102.80	66-69cdis	-7.88	180-186dis	-7.12
Italy	1231.00 - 1238.00	1234.50 - 1235.00	5.80-6.30liredis	-5.88	16.30-17.30dis	-5.44
Norway	6.4540 - 6.5000	6.4850 - 6.4900	2.33-2.68oredis	-4.63	6.55-7.05dis	-4.19
France	5.6050 - 5.6500	5.6250 - 5.6300	1.59-1.64cdis	-3.44	4.20-4.40dis	-3.05
Sweden	5.9950 - 6.0300	6.0225 - 6.0275	3.20-3.45oredis	-6.62	9.05-9.50dis	-6.16
Japan	134.45 - 135.25	134.75 - 134.85	0.22-0.24ydis	-2.05	0.56-0.59dis	-1.71
Austria	11.6770 - 11.7575	11.7400 - 11.7450	2.90-3.30grodis	-3.17	8.40-9.60dis	-3.07
Switzerland	1.4110 - 1.4240	1.4170 - 1.4180	0.30-0.33cdis	-2.67	0.80-0.85dis	-2.33
Ecu	1.2345 - 1.2425	1.2375 - 1.2385	0.36-0.31cpm	3.25	0.91-0.84pm	2.83

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Apr 16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	6⅛ - 6	[illegible]	[illegible]	6⅛ - 6	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	9 - 8⅞	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	13 - 11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	9 - 8⅞	9 - 8⅞	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	10 - 9⅞	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	6 - 5⅞	6 - 5⅞	6 - 5⅞	6⅛ - 6	[illegible]	[illegible]

Long term Eurodollars: two years 7⅛-7⅛ per cent; three years 7⅞-7⅞ per cent; four years 8⅛-8⅛ per cent; five years 8⅛-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.16	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.789	2.978	241.0	10.07	2.535	3.355	2208	2.054	61.35	1.447
$	0.559	1	1.665	134.7	5.629	1.417	1.875	1234	1.148	34.29	0.809
DM	0.336	0.601	1	80.93	3.381	0.851	1.127	741.4	0.690	20.60	0.486
YEN	4.149	7.423	12.36	1000.	41.78	10.52	13.92	9162	8.523	254.6	6.004
F Fr.	0.993	1.777	2.957	239.3	10.	2.517	3.332	2193	2.040	60.92	1.437
S Fr.	0.394	0.706	1.175	95.07	3.972	1	1.323	871.0	0.810	24.20	0.571
H Fl.	0.298	0.533	0.888	71.83	3.001	0.756	1	658.1	0.612	18.29	0.431
Lira	0.453	0.810	1.349	109.1	4.561	1.148	1.519	1000.	0.930	27.79	0.655
C $	0.487	0.871	1.450	117.3	4.903	1.234	1.633	1075	1	29.87	0.704
B Fr.	1.630	2.916	4.854	392.8	16.41	4.132	5.469	3599	3.348	100.	2.359
ECU	0.691	1.236	2.058	166.6	6.959	1.752	2.319	1526	1.419	42.40	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

OTHER CURRENCIES

	£	$
Iran	[illegible]	67.00
Korea(Sth)	1291.65 - 1312.45	723.50 - 729.30
Kuwait	N/A	N/A
Luxembourg	61.30 - 61.40	34.25 - 34.35
Malaysia	4.8685 - 4.8770	2.7280 - 2.7310
Mexico	5338.35 - 5357.75	2988.00 - 2998.00
N.Zealand	3.0195 - 3.0245	1.6875 - 1.6895
Saudi Ar	6.6730 - 6.7370	3.7490 - 3.7510
Singapore	3.1190 - 3.1265	1.7470 - 1.7500
S.Af (Cm)	4.8320 - 4.8440	2.7140 - 2.7160
S.Af (Fn)	5.9035 - 6.0035	3.3055 - 3.3615
Taiwan	48.65 - 48.75	27.25 - 27.30
U.A.E.	6.5350 - 6.5980	3.6720 - 3.6740

* Selling rate

MONEY MARKETS

No tightening yet

THERE WAS no indication of further tightening by the German Bundesbank when it set the terms for this week's securities repurchase agreement tender.

The central bank tightened a notch last week, when offering one-month money at a fixed 8.60 per cent, compared with 8.50 previously, but yesterday the Bundesbank renewed its offer of 28-day funds at 8.60 per cent. This led observers to believe that a rise in official rates at tomorrow's Bundesbank council meeting is unlikely.

At this week's tender banks are invited to bid for one-month fixed rate money and for 63-day funds at variable bid rates. This will be required to replace a total of DM25.1bn draining from the money market today as two earlier facilities expire.

Call money was slightly firmer in Frankfurt, rising to 8.85 from 8.80 per cent.

In London wholesale interest rates were little changed. Three-month sterling interbank was unchanged at 11⅝-11½ per cent and 12-month money was steady at 11⅛-11⅛ per cent.

Short sterling futures also showed little movement on Liffe. June opened weaker at 88.64 and touched a low of 88.63, before closing at 88.66 compared with 88.67 previously. This discounts a three-month interbank cash rate of 11⅜ at delivery.

On the cash market the Bank of England initially forecast a day-to-day credit shortage of £600m, but revised this to £700m during the morning and to £650m in the afternoon. Total help of £498m was provided.

Before lunch the authorities bought £323m bills outright, by way of £4m bank bills in band 1 at 11⅞ per cent and £319m bank bills in band 2 at 11⅞ per cent. In the afternoon another £175m bank bills were purchased in band 2 at 11⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £254m, with exchequer transactions absorbing £510m. These outweighed a fall in the note circulation adding £90m to liquidity and bank balances below target of £75m.

In Paris the Bank of France left its money market intervention rate at 9 per cent and the five to 10-day repurchase rate at 10 per cent when adding liquidity to the banking system via a securities repurchase tender.

UK clearing bank base lending rate
12 per cent
from April 12, 1991

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

	%		%		%
ABN Bank	12	Comm Bk of London Plc	12	McDonnell Douglas Bnk	12
Adam & Company	12	Co-operative Bank	12	Midland Bank	12
Allied Trust Bank	12½	Coutts & Co	12	Mount Banking	12
AIB Bank	12½	Cyprus Popular Bk	12½	Nat Bk of Kuwait	13½
● Henry Ansbacher	12	Dunbar Bank PLC	12	NatWestminster	12
B & C Merchant Bank	12	Duncan Lawrie	12	Northern Bank Ltd	12
Bank of Baroda	12	Equatorial Bank plc	12½	Nykredit Mortgage Bank	12½
Banco Bilbao Vizcaya	12	Exeter Bank Limited	12½	Provincial Bank PLC	14
Bank Credit & Comm	12	Financial & Gen. Bank	12½	Roxburghe Bank Ltd.	13½
Bank of Cyprus	12	First National Bank Plc	15	Royal Bk of Scotland	12
Bank of Ireland	12	● Robert Fleming & Co.	12	● Smith & Williman Secs.	12
Bank of India	12	Robert Fraser & Ptnrs.	12½	Standard Chartered	12
Bank of Scotland	12	Girobank	12	TSB	12
Banque Belge Ltd	12	● Guinness Mahon	12	Unibank plc	12
Barclays Bank	12	● Hambros Bank	12	● United Bk of Kuwait	12
Benchmark Bank	12	Hampshire Trust Plc	13½	United Mizrahi Bank	12½
Brit Bk of Mid East	12	Heritable & Gen Inv Bnk	12	Unity Trust Bank Plc	12
● Brown Shipley	12	● Hill Samuel	12	Western Trust	12
CL Bank Nederland	12½	C. Hoare & Co.	12	Westpac Bank Corp.	12½
● Charterhouse Bank	12	Hongkong & Shanghai	12	Whiteaway Laidlaw	12
Citibank NA	12	● Leopold Joseph & Sons	12	Yorkshire Bank	12
City Merchants Bank	12	Lloyds Bank	12		
Clydesdale Bank	12	Meghraj Bank Ltd	12		

● Members of British Merchant Banking & Securities Houses Association.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
105	[illegible]	1.42	-	0.23	0.74	1.13
106	[illegible]	-	2.21	0.47	-	-
107	[illegible]	[illegible]	-	0.88	-	-
108	[illegible]	[illegible]	-	-	-	-
109	[illegible]	[illegible]	-	-	-	-
Open Int	[illegible]	[illegible]	1,136	121,654	31,693	1,286

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,520 Set by CINEPHILE

ACROSS
1 Sound of trouble in motor, we hear, in Ukraine (7)
5 Recover equality with something like tomato sauce (5,2)
9 Express disapproval or teach (5)
10 King's partner could be joker (9)
11 Beast whose skin's thick – nearly thick – with spiced wine (9)
12 In Ravenscraig look for a white house (5)
13 Bit of a bloomer putting a pound on favourite (5)
15 In France you put your money on wet weather, which will drive you underground (4,5)
18 Conductor with no clothes on jostled in mob (9)
19 Doesn't sleep for a week on holiday (5)
21 Father and son literarily travel as from London to Eastbourne (5)
23 Speak tender? (4,5)
25 God comes in awfully tender, having had some bone removed (9)
26 Name of boy taken in by signaller (5)
27 This land with a king is following D (that stood for Democrats) (7)
28 Great musician takes numbers from great whirlpool (7)

DOWN
1 Tomato sauce or something like to recover equality with (7)
2 Alexander's general shows much strong aversion to the Queen (9)
3 Half the marsupials in the high veld? (5)
4 Make a voter opt for the canal bus (9)
5 Little prince without love causes total confusion (5)
6 A kite won't, sadly, assume the role of a tug (4,2,3)
7 Tavern much favoured by the Spanish (5)
8 Turn up right cut to steel (7)
14 Medieval weapon, the pike, used by NCO, as they say (5-4)
16 Pomposity spelled with double M in the British Museum (9)
17 Was it Noah who made the spinning frame? (9)
18 Large part of Bible edition was dyed in the wool (7)
20 Scottish hero goes without last movement (7)
22, 23, 24 Pole top with crew members, class 5, said Casca, stabbing Caesar (5,5,3,2)

Solution to Puzzle No.7,519

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges [illegible]

CANADA

TORONTO

3:15 pm prices April 16

[illegible]

MONTREAL

3:15 pm prices April 16

[illegible]

INDICES

NEW YORK DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

TRADING ACTIVITY

[illegible]

CANADA TORONTO

[illegible]

**Saturday April 6: Taiwan Weighted Price: (c). Korea Comp Ex. 651.00.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Tuesday 16 April 1991

[illegible]

3:30 pm prices April 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	12	349	13¾	13½	13¾	
28¾	21⅝	A L Labs A	0.16	0.01	31	105	28⅛	28¼	28¼	-⅛
64¾	40⅞	AMP Inc	1.44	0.03	19	3146	63½	52⅞	63¼	+⅞
63	44¼	AMR				943155	60⅝	59⅛	60⅝	+⅞
2⅝	1¼	ARX			3	287	2½	2⅜	2⅜	-⅛
45¾	41½	ASA	3.00	0.07	13	388	45⅞	45⅛	45⅛	+⅛
61⅝	38¼	Abbott Lab x	1.00	0.02	22	4326	u52⅞	50⅞	52¼	+1½
13⅞	9⅞	Abitibi Pr x	0.60	0.04	19	6	u13⅝	13½	13½	-⅛
11⅞	10⅜	ACM Gvt In x				610	u11⅞	11¼	11⅞	
9⅝	8⅜	ACM GrOpp x				72	9¼	9⅛	9⅛	
9	8¼	ACM Gvt Sp	1.01	0.11		454	u9	8¾	9	+⅛
11	9⅞	ACM Gvt Se				317	u11	10⅞	10⅞	
8¼	7⅝	ACM Man x				443	8	7⅞	7⅞	
12⅝	11⅞	ACM Mangd x				285	12½	12⅜	12⅜	
7¼	4⅜	Acme Cleve	0.40	0.06	18	102	6⅝	6⅜	6½	+⅛
6	4¾	Acme Elect			16	43	5	d4¼	4⅞	+⅛
40	22¾	Acuson			28	622	37¾	37½	37¾	+¼
17⅛	14¼	Adams Expr	0.48	0.03	0	45	u17⅛	16⅞	17⅛	
20⅛	18⅞	Adobe 1.2Pf	2.40	0.12		3	u20⅛	20⅛	20	
9⅛	7	Adobe Res			79	35	7½	7⅜	7½	+⅛
34⅞	18	Ad Micro				388	u35	34¼	34¾	-⅛
13⅞	4⅝	Ad Micro P	3.00	0.22	15	1980	u13⅞	13⅛	13¼	+⅛
4⅝	2¼	Advest Grp			8	576	u5	4⅝	5	+½
48⅞	33⅞	Aetna Lf	2.76	0.06	7	1393	47¼	46⅝	47¼	+⅜
10⅞	6⅝	Ahh A	0.24	0.03	26	680	9⅛	9	9⅛	
18⅜	12	Ahmanson	0.88	0.05	9	1820	17⅞	16⅞	17⅛	-⅛
5⅞	2⅞	Aileen Inc			6	158	5⅜	5¼	5¼	
70⅜	51⅞	Air Pr Chm			15	1135	66	65⅝	66	+⅛
25	16⅝	Airbne Fri	0.30	0.01	12	622	21⅜	20¾	21¼	+⅝
18⅞	12½	Airgas Inc			19	76	16⅝	16½	16½	+⅛
15¼	10	Airlease	2.28	0.19	6	16	12⅛	12	12	-⅛
92½	88¼	AlaPw6.16				z100	91½	91½	89½	-2
23½	21⅜	AlaPw PfA				z100	23¼	23¼	23½	
103	100	AlaPw9.44				z100	u103	102½	103	+1
108	104½	Alab Pw 11				z100	107	107	105	-2
100¼	98	Alab Pw 9P				z100	100	100	98½	-½
92¼	88	Alab 8.28C				2	90	90	90¼	-½

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low
84¼	63½	Bausch Lmb	1.44	0.02	18	503	82	80¾
43¼	35¾	Baxter Prf	3.45	0.08		38	43	42¾
36	25⅞	Baxter	0.74	0.02	[illegible]	[illegible]	u36	35½
⅜	⅜	Bay Finl			0	14	⅜	⅜
20⅜	18⅝	Bay St Gas	1.28	0.06	12	392	20⅛	19⅞
22	20⅝	Bd Tr 1998 x				22	21½	21¼
16⅝	9⅜	Bear Strns	0.56	0.03	16	6963	16½	18⅞
35½	35½	BearStPfA				5	u35½	d35½
20½	16¼	Bearings	0.64	0.03	25	19	u20½	20½
13¾	6½	Beazer ADR x				282862	13⅛	12⅝
18⅞	13⅞	Beckman In	0.28	0.01	15	419	u19⅛	18⅞
81½	66⅝	Becton Dks	1.16	0.01	18	430	79⅝	78¾
22½	16⅝	Belding Hy	0.64	0.03	21	7	19	18⅞
54	40⅜	Bell Atlan x	2.52	0.05	14	2132	50⅛	49⅜
13⅝	9⅜	Bell Indus	0.40	0.04	8	11	10⅜	10⅝
68	49⅞	BellSouth x	2.76	0.05	15	2108	62⅛	61⅜
33⅜	28⅛	Belo AH A	0.52	0.02	19	17	30½	30¼
41⅛	28⅞	Bemis	0.84	0.02	18	222	38⅞	34½
47¼	44	Benef 4.3P	8.80	0.16		10	46½	45⅜
59⅛	40½	Benef	2.40	0.04	10	890	59⅛	57⅝
16¼	13½	Benetton A				69z100	13¾	13⅜
1½	¾	Benguet B				14	807	1¼
8275	6550	Berksh Hwy				22	2	8075
19½	12¼	Berlitz x	0.30	0.03	29	57	18½	18⅛
15¾	13	Berry Petr	0.60	0.04	16	702	13⅝	13⅛
10½	5¼	Best Buy			82	739	10	9½
23⅜	19⅞	Beth St 2.				901	22½	22¼
45⅜	37⅛	Bethlhm Pf				18	44⅛	43⅞
16⅝	12⅛	Bethlhm St	0.40	0.03	[illegible]	[illegible]	13⅜	12½
12⅞	7⅝	Beverly En				581392	11⅛	11⅛
19⅛	13⅛	Biocraft			24	90	18	17⅛
17	13	Biringer S x	0.50	0.03	15	124	15⅛	14½
14⅞	8½	Black & D	0.40	0.03	16	1720	13⅜	13½
38⅜	29⅛	Black H PL	1.76	0.05	14	39	u36⅛	36⅛
10½	10	BlckstnAdv x				116	10⅛	10⅛
9½	8⅞	Blackst In x	1.05	0.11		689	u9½	9⅜
10½	10	Blackst Tr x				893	10⅜	10⅛

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:15 pm prices April 16

NASDAQ NATIONAL MARKET

3:15 pm prices April 16

- X - Y - Z -

Xilinx		61	1518	u24¼	23¾	24	-⅛
XL Data		9	170	6½	6	6¼	
Xoma Corp		16	15209	28¾	26¾	28½	+2
YankeeEnE	1.52	17	208	u23¾	22	23	
Yellow Fr	0.94	13	612	31⅞	30⅞	31⅞	+½
York Rsch		17	3482	17⅜	15⅝	16⅝	-⅞
Zionsutah x	1.44	9	158	u40⅞	39½	40½	+1½